

Independent Auditor's Report

To the Shareholders and the Board of Directors of Public Joint-Stock Company "Rosseti Lenenergo":

Opinion

In our opinion, the accompanying accounting statements give a true and fair view, in all material respects, of the financial position of Public Joint-Stock Company "Rosseti Lenenergo" ("Company") at December 31, 2021, and of its financial performance and cash flows for the year then ended in accordance with the Russian accounting reporting rules.

What we have audited

We have audited the accounting statements of the Company, which comprise:

- Balance Sheet at December 31, 2021;
 - Profit and Loss Statement for the year then ended;
 - Statement of Changes in Equity for the year then ended;
 - Statement of Cash Flows for the year then ended;
 - Notes to the Balance Sheet and Profit and Loss Statement, including a summary of significant accounting policies.
-

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Accounting Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) and the ethical requirements of the Auditor's Professional Ethics Code and Auditor's Independence Rules that are relevant to our audit of the accounting statements in the Russian Federation. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the accounting statements of the current period. These matters were addressed in the context of our audit of the accounting statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter

Recognition and measurement of revenue from power distribution and transmission services

Refer to Note 6.2 to the balance sheet and profit and loss statement, line 2111 "Revenue from power distribution and transmission".

Certain industry-specific mechanisms of electricity market operation in Russia may cause controversies between power grid companies, power sales companies and other companies regarding the volume and cost of electric power transmitted. The amount of revenue disputed by the counterparties may be significant for the Company's accounting statements. Assessment by the Company's Management of the probability of resolving disputes in favor of the Company requires exercising significant judgement.

We paid special attention to the verification of revenue from power distribution and transmission services due to the fact that potential controversies with counterparties may be significant, and the evaluation process involves the exercise of significant judgment by the Management.

Audit procedures conducted to address the key audit matter

Our audit procedures in respect of revenue from power distribution and transmission services included:

- obtaining an understanding of the Company's internal control system;
- analysis of the accounting policies used by the Company;
- analysis of the terms and conditions of power distribution and transmission contracts with counterparties (on a random basis);
- selective testing of primary documents based on which accounting entries were made to record the revenue from power distribution and transmission services;
- verification of the tariffs used to calculate the amount of revenue from power distribution and transmission against the tariffs published on the official websites of the bodies that carry out tariff regulation in relation to the Company;
- factor analysis of period-over-period changes in the revenue from power distribution and transmission services;
- confirmation, on a selective basis, of accounts receivable balances by sending letters of verification to counterparties;
- analysis of payments of accounts receivable, including those received after the reporting date;
- analysis of the list of court proceedings and claims involving the Company to identify the revenue disputed by counterparties.

We also assessed the completeness and accuracy of information disclosed in respect of the revenue from power distribution and transmission in the accounting statements of the Company.

Key audit matter**Estimate of the provision for doubtful debts**

Refer to Notes 5.6.1 and 6.3.6 to the balance sheet and profit and loss statement.

At December 31, 2021, long-term and short-term receivables of the Company, including advances issued, amounted to RUB 6,389,025 thousand (RUB 11,586,144 thousand before the provision for doubtful debts in the amount of RUB 5,197,119 thousand).

Therefore, accounts receivable assessed by the Company's Management as doubtful represent a significant portion of the Company's receivables (at December 31, 2021, the provision was created in respect of 45% of receivables). The Company's Management creates the provision for doubtful debts based on an assessment of adverse changes in the payment status of specific customers, their individual characteristics, changes in payments, subsequent payment after the reporting date, and analysis of the forecast of future cash receipts, based on the circumstances existing at the reporting date. The accuracy of Management's estimate will be confirmed or disproved by the development of future events, which are inherently uncertain.

We paid special attention to the assessment of the provision for doubtful debts due to the fact that the assessment process involves the exercise of significant judgments by the Management and the amount of the provision is significant.

Audit procedures conducted to address the key audit matter

Our audit procedures in respect of the Management's assessment of the provision for doubtful debts included:

- verification of the analysis of debt repayment probability conducted by the Company's Management taking into account the assessment of solvency of counterparties, availability of information on installment payments, subsequent payment after the reporting date and other factors considered by the Management;
- analysis of accounts receivable turnover, the results of which were used, inter alia, to confirm the analysis of debt repayment probability carried out by the Company's Management;
- selective testing of overdue receivables for which no provision was created in order to evaluate the Management's conclusions that no provision for doubtful debts is required taking into account the prospect and maturities of these receivables;
- selective testing of documents based on which the Management assessed the probability of debt repayment, e.g. payment instructions confirming repayment of debt in 2022;
- obtaining and analyzing Management's written statements regarding the assessment of the provision for doubtful debts.

We also assessed the sufficiency of information disclosed in Notes 5.6.1 and 6.3.6 to the balance sheet and profit and loss statement.

Key audit matter	Audit procedures conducted to address the key audit matter
<p data-bbox="150 344 759 374">Estimate of provisions and contingent liabilities</p> <p data-bbox="150 394 804 452"><i>Refer to Notes 5.8, 6.3.15 and 6.3.16 to the balance sheet and profit and loss statement.</i></p> <p data-bbox="150 472 804 741">At December 31, 2021, the Company is involved in a number of legal proceedings and out of court claims of counterparties, including territorial power grid and power sales companies. Estimate of provisions and contingent liabilities arising under legal proceedings and out of court disputes involves, among other things, assessment by the Management of the probability of unfavorable outcome for each of the legal proceedings and claims.</p> <p data-bbox="150 761 804 913">We paid special attention to the verification of completeness of provisions and contingent liabilities, since the evaluation process involves the exercise of significant judgments by the Management and the amount of provisions is significant.</p>	<p data-bbox="831 394 1477 483">Our audit procedures in respect of the work carried out by the Management to determine the amount of provisions and contingent liabilities included:</p> <ul data-bbox="831 504 1477 987" style="list-style-type: none"> <li data-bbox="831 504 1477 562">• analysis of decisions issued by courts at different levels on lawsuits involving the Company; <li data-bbox="831 582 1477 882">• consideration of judgments of the Company's Management and analysis of arguments given by the Management in relation to estimating the probability of outflow of economic resources as a result of resolving legal proceedings and out of court disputes with counterparties and tax authorities, including a random check of conformity of documentation prepared by the Managements to the provisions of existing contracts and legislation; <li data-bbox="831 902 1477 987">• obtaining and analyzing Management's written statements regarding the assessment of the amount of provisions and contingent liabilities. <p data-bbox="831 1008 1477 1097">We also assessed the sufficiency of information disclosed in Notes 5.8, 6.3.15 and 6.3.16 to the balance sheet and profit and loss statement.</p>

Other information

The Management is responsible for other information. Other information comprises the Annual Report of PJSC “Rosseti Lenenergo” for 2021 and the Issuer’s Report for 12 months of 2021 (but does not include the accounting statements and our auditor’s report thereon), which are expected to be provided to us after the date of this auditor’s report.

Our opinion on the accounting statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the accounting statements, our responsibility is to read the other information when it is made available to us and, in doing so, consider whether the other information is materially inconsistent with the accounting statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, upon reading the Annual Report of PJSC “Rosseti Lenenergo” for 2021 and the Issuer’s Report for 12 months of 2021, we conclude that there is a material misstatement in them, we are required to report that fact to the persons charged with corporate governance.

Responsibilities of Management and Those Charged with Governance for the Accounting Statements

The Management is responsible for the preparation of accounting statements that give a true and fair view in accordance with Russian accounting reporting rules and for such internal control as the Management determines is necessary to enable the preparation of accounting statements that are free from material misstatement, whether due to fraud or error.

In preparing the accounting statements, the Management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The persons charged with governance are responsible for overseeing the preparation of the Company’s accounting statements.

Auditor’s Responsibilities for the Audit of the Accounting Statements

Our objectives are to obtain reasonable assurance about whether the accounting statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these accounting statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the accounting statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management;
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the accounting statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the accounting statements, including the disclosures, and whether the accounting statements represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with the persons charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the persons charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the persons charged with governance, we determine those matters that were of most significance in the audit of the accounting statements for the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner responsible for the audit resulting in this report was T. V. Sirotinskaya.

Joint-Stock Company PricewaterhouseCoopers Audit

February 28, 2022

Moscow, Russian Federation

(Signed)

T. V. Sirotinskaya, engagement partner (ORNZ: 21906105478), person authorized by the CEO to sign for and on behalf of Joint-Stock Company PricewaterhouseCoopers Audit (principal entry registration number in the register of auditors and audit organizations (ORNZ): 12006020338)

Seal: *(Joint-Stock Company PricewaterhouseCoopers Audit, Moscow, Principal State Registration Number (OGRN) 1027700148431)*

PJSC “Rosseti Lenenergo”

**Accounting Statements and
Independent Auditor’s Report**

December 31, 2021

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1 BALANCE SHEET

at December 31, 2021

	OKUD Form	CODES
		0710001
Date (day, month, year)		31 12 2021
Entity name: Public Joint-Stock Company “Rosseti Lenenergo” (PJSC “Rosseti Lenenergo”)	OKPO	00107131
Taxpayer identification number	INN	7803002209
Business type/industry: Power distribution/transmission and grid connection	OKVED 2	35.12
Company / ownership type: Joint stock company / Other Russian public-private schemes	OKOPF / OKFS	12247/49
Unit of measurement: RUB thousand	OKEI	384
Location (address): 196247, Saint Petersburg, Ploshchad Konstitutsii, 1		

Is a statutory audit required? YES NO

Auditors' name / Auditor's full name (if an individual)

Joint-Stock Company PricewaterhouseCoopers Audit (AO PwC Audit)

Auditors' (auditor's) taxpayer identification number

INN 7705051102

Auditors' (auditor's) principal state registration number

OGRN 1027700148431

Line code	Description	Notes	At December 31, 2021	At December 31, 2020	At December 31, 2019
ASSETS					
I. NON-CURRENT ASSETS					
1110	Intangible assets	5.1.1-5.2.2	1,180,223	793,192	601,034
1111	including transactions in progress to purchase intangible assets		645,548	500,971	327,198
1120	Research and development assets		128,220	123,296	83,728
1150	Fixed assets	5.3.1-5.3.5	249,407,397	228,881,275	187,017,543
1151	Land and natural resource facilities		594,411	280,677	161,079
1152	Property, plant and equipment		225,630,901	209,068,304	166,131,068
1153	other types of fixed assets		213,633	138,980	51,648
1154	construction in progress		18,441,665	16,432,965	17,006,043
1155	Capital construction and fixed assets acquisition prepayments		1,754,081	1,270,858	2,586,212
1156	Initial and other materials to be used as fixed assets components		2,772,706	1,689,491	1,081,493
1170	Financial investments	5.4.1	3,476,933	7,630,253	18,773,405
1171	Investments in subsidiaries		6,000	1,000	16,127,975
1173	Investments in other entities		9,247	51,063	49,707
1175	Other financial investments		3,461,686	7,578,190	2,595,723
1180	Deferred tax assets		5,239,307	4,807,104	3,629,520
1190	Other non-current assets	6.3.3	1,719,496	1,431,296	1,441,448
1100	Total Section I		<u>261,151,576</u>	<u>243,666,416</u>	<u>211,546,678</u>
II. CURRENT ASSETS					
1210	Inventories	5.5.1	860,147	1,143,082	1,001,851
1220	Value added tax on assets purchased		982,367	408,270	460,989
1230	Accounts receivable	5.6.1	6,389,025	5,884,111	4,258,980
1231	Due after 12 months following the reporting date		1,143,331	305,891	133,146
123101	Trade receivables		661,511	108,557	38,135
123103	Advances		31,087	48,562	18,738
123104	Other receivables		450,733	148,772	76,273
1232	Due within 12 months following the reporting date		5,245,694	5,578,220	4,125,834
123201	Trade receivables		4,019,749	3,342,628	2,730,402
123202	Advances		638,228	1,329,145	626,517
123203	Other receivables		587,717	906,447	768,915
1240	Financial investments (excluding cash equivalents)	6.3.4	2,820,415	-	-
1250	Cash and cash equivalents	6.3.7	5,025,409	1,776,679	7,290,052
1252	Cash at bank		2,601,853	1,631,833	2,771,071
1254	Other cash		2,423,556	144,846	4,518,981
1260	Other current assets	6.3.3	2,467,653	2,213,729	2,173,508
1200	Total Section II		<u>18,545,016</u>	<u>11,425,871</u>	<u>15,185,380</u>
1600	BALANCE		<u>279,696,592</u>	<u>255,092,287</u>	<u>226,732,058</u>

Line code	Description	Notes	At December 31, 2021	At December 31, 2020	At December 31, 2019
LIABILITIES					
III. CAPITAL AND RESERVES					
1310	Share capital	6.3.8	8,617,050	8,617,050	8,617,050
1320	Treasury shares		-	(456,255)	-
1340	Non-current assets revaluation	6.3.8	37,964,031	38,387,007	38,671,837
1350	Additional capital (excluding revaluation)	6.3.8	59,224,423	59,312,877	55,188,326
1360	Capital reserves		1,292,558	1,292,558	1,292,558
1370	Retained earnings (uncovered loss)		82,450,726	65,851,791	44,556,372
1371	carried forward		62,656,522	51,704,778	30,988,419
1372	for the period		19,794,204	14,147,013	13,567,953
1300	Total Section III		<u>189,548,788</u>	<u>173,005,028</u>	<u>148,326,143</u>
IV. NON-CURRENT LIABILITIES					
1410	Borrowings	5.7.1	23,635,820	26,284,773	17,000,000
	Bank loans repayable after 12 months following the reporting date		13,635,820	16,284,773	17,000,000
1411	Loans repayable after 12 months following the reporting date		10,000,000	10,000,000	-
1420	Deferred tax liabilities		12,603,875	11,433,919	9,711,630
1430	Provisions		-	-	-
1450	Other liabilities	5.6.3	7,445,851	5,531,686	5,856,280
1400	Total Section IV		<u>43,685,546</u>	<u>43,250,378</u>	<u>32,567,910</u>
V. CURRENT LIABILITIES					
1510	Borrowings	5.7.1	6,756,477	2,762,050	11,214,179
	Bank loans repayable within 12 months following the reporting date		4,030,729	50,650	8,728,523
1512	Loans repayable within 12 months following the reporting date		2,725,748	2,711,400	2,485,656
1520	Accounts payable including:	5.6.3	29,662,465	26,583,439	27,953,171
	Trade payables		10,393,205	10,921,545	12,973,003
1522	Promissory notes payable		-	-	66,000
1523	Salaries payable		505,587	343,770	341,071
1524	Social security payments		229,607	230,335	216,627
1525	Taxes payable	6.3.10	1,707,350	553,368	1,395,560
1526	Advances received		14,553,993	13,310,729	11,640,344
1527	Dividends payable to members (founders)		110,164	107,080	71,511
1528	Other creditors		2,162,559	1,116,612	1,249,055
1530	Deferred income		253,026	-	-
1540	Provisions	5.8	9,751,683	9,452,785	6,670,655
1550	Other liabilities		38,607	38,607	-
1500	Total Section V		<u>46,462,258</u>	<u>38,836,881</u>	<u>45,838,005</u>
1700	BALANCE		<u>279,696,592</u>	<u>255,092,287</u>	<u>226,732,058</u>

I.A. Kuzmin
CEO

M. V. Kuleshova
Chief Accountant

Date: February 28, 2022

2 PROFIT AND LOSS STATEMENT

for 2021

Entity name: Public Joint-Stock Company “Rosseti Lenenergo” (PJSC “Rosseti Lenenergo”)

Taxpayer identification number

Business type / industry: **Power distribution/transmission and grid connection**

Company / ownership type: **Joint stock company / Other Russian public-private schemes**

Unit of measurement: **RUB thousand**

OKUD Form			CODES		
Date (day, month, year)			0710002		
31	12	2021			
			00107131		
			7803002209		
			35.12		
			12247/49		
			384		

Line code	Description	Notes	For 2021	For 2020
2110	Revenue		93,390,788	82,645,709
	including:			
2111	Power distribution/connection revenue		84,258,415	75,897,002
2112	Grid connection revenue		8,701,455	6,340,219
2116	Lease revenues		126,382	100,993
2117	Revenue from sale of other non-industrial products, goods or services		304,536	307,495
2120	Cost of sales	6.3.12	(66,944,700)	(60,379,458)
	including:			
2121	Cost of power distribution/transmission services		(65,948,965)	(59,536,656)
2122	Cost of grid connection services		(714,140)	(602,870)
2126	Cost of lease services		(28,075)	(62,633)
2127	Cost of other industrial products, goods or services		(253,520)	(177,299)
2100	Gross profit (loss)		26,446,088	22,266,251
2210	Selling and distribution expenses		-	-
2220	Administrative expenses	6.3.12	(231,583)	(209,447)
2200	Profit (loss) from sales		26,214,505	22,056,804
2310	Stakeholder revenue		-	-
2320	Interest receivable		634,270	375,138
2330	Interest payable		(407,503)	(291,988)
2340	Other income	5.11	5,244,127	5,237,460
2350	Other expenses	5.11	(7,068,971)	(10,252,076)
	Restructuring expenses		-	(9,518)
2300	Profit (loss) before tax		24,616,428	17,115,820
2410	Corporate income tax	6.3.11	(4,822,224)	(3,026,092)
	including:			
2411	Current income tax		(4,084,471)	(3,468,432)
2412	Deferred income tax		(737,753)	442,340
2460	Other		-	57,285
2400	Net profit (loss)		19,794,204	14,147,013
	For information			
2510	Non-current assets revaluation profit/loss not recognized as part of the net profit (loss) for the period		-	-
2520	Other profits/losses not recognized as part of the net profit (loss) for the period		-	-
2500	Comprehensive profit/loss for the period		19,794,204	14,147,013
2900	Basic earnings (loss) per share (RUB)	6.3.8	2.3301	1.6687

I.A. Kuzmin
CEO

M. V. Kuleshova
Chief Accountant

Date: February 28, 2022

3 STATEMENT OF CHANGES IN EQUITY

for 2021

Entity: Public Joint-Stock Company “Rosseti Lenenergo” (PJSC “Rosseti Lenenergo”)
 Taxpayer identification number
 Business type / industry: **Power distribution/transmission and grid connection**
 Company / ownership type: **Joint stock company / Other Russian public-private schemes**
 Unit of measurement: **RUB thousand**

	CODES		
OKUD Form	0710004		
Date (day, month, year)	31	12	2021
OKPO	00107131		
INN	7803002209		
OKVED 2	35.12		
OKOPF / OKFS	12247/49		
OKEI	384		

3.1 Capital movements

Line code	Description	Share capital	Treasury shares	Additional capital	Capital reserves	Retained earnings (uncovered loss)	Total
3100	Capital at December 31, 2019	8,617,050	-	93,860,163	1,292,558	44,556,372	148,326,143
	For 2020						
3210	Capital increase - total:	-	-	4,177,998	-	23,061,938	27,239,936
	including:						
3211	Net profit	x	x	x	x	14,147,013	14,147,013
3216	Corporate entity restructuring	-	-	4,177,998	-	8,914,925	13,092,923
3220	Capital reduction - total:	-	(456,255)	(338,277)	-	(1,766,519)	(2,561,051)
	including:						
3225	Reduction of the number of shares	-	(509,702)	-	x	-	(509,702)
3226	Corporate entity restructuring	-	53,447	(53,447)	-	-	-
3227	Dividends	x	x	x	x	(2,051,349)	(2,051,349)
3230	Change in additional capital	x	x	(284,830)	-	284,830	-
3200	Capital at December 31, 2020	8,617,050	(456,255)	97,699,884	1,292,558	65,851,791	173,005,028
	For 2021						
3310	Capital increase - total:	-	456,255	-	-	19,794,204	20,250,459
	including:						
3311	Net profit	x	x	x	x	19,794,204	19,794,204
3317	Sale of shares	-	456,255	-	x	x	456,255
3320	Capital reduction - total:	-	-	(88,454)	-	(3,618,245)	(3,706,699)
	including:						
3327	Dividends	x	x	x	x	(3,618,245)	(3,618,245)
3328	Sale of shares	-	-	(88,454)	-	-	(88,454)
3330	Change in additional capital	x	x	(422,976)	x	422,976	x
3300	Capital at December 31, 2021	8,617,050	-	97,188,454	1,292,558	82,450,726	189,548,788

I.A. Kuzmin
CEO

M. V. Kuleshova
Chief Accountant

Date: February 28, 2022

3.2 Net assets

Line code	Description	At December 31, 2021	At December 31, 2020	At December 31, 2019
3600	Net assets	189,801,814	173,005,028	148,326,143

3.3 Company's net assets valuation

	Description	Balance sheet line code	At December 31, 2021	At December 31, 2020	At December 31, 2019
I	Assets				
1	Intangible assets	1110	1,180,223	793,192	601,034
2	Research and development results	1120	128,220	123,296	83,728
3	Intangible exploration assets	1130	-	-	-
4	Tangible exploration assets	1140	-	-	-
5	Fixed assets	1150	249,407,397	228,881,275	187,017,543
6	Income-bearing investments in tangible assets	1160	-	-	-
7	Long-term and short-term financial investments	1170+1240	6,297,348	7,630,253	18,773,405
8	Other non-current assets	1180+1190	6,958,803	6,238,400	5,070,968
9	Inventories	1210	860,147	1,143,082	1,001,851
10	Input value added tax	1220	982,367	408,270	460,989
11	Accounts receivable	1230	6,389,025	5,884,111	4,258,980
12	Cash and cash equivalents	1250	5,025,409	1,776,679	7,290,052
13	Other current assets	1260	2,467,653	2,213,729	2,173,508
14	Total assets taken for calculation (sum of items 1-13)		279,696,592	255,092,287	226,732,058
II	Liabilities				
15	Long-term borrowings	1410	23,635,820	26,284,773	17,000,000
16	Deferred tax liabilities	1420	12,603,875	11,433,919	9,711,630
17	Provisions	1430+1540	9,751,683	9,452,785	6,670,655
18	Other non-current liabilities	1450	7,445,851	5,531,686	5,856,280
19	Short-term borrowings	1510	6,756,477	2,762,050	11,214,179
20	Accounts payable	1520	29,662,465	26,583,439	27,953,171
21	Other current liabilities	1550	38,607	38,607	-
22	Total liabilities taken for calculation (sum of items 15-21)		89,894,778	82,087,259	78,405,915
23	Company's net assets value (total assets taken for calculation (item 14) less total liabilities taken for calculation (item 22))		189,801,814	173,005,028	148,326,143

I.A. Kuzmin
CEO

M. V. Kuleshova
Chief Accountant

Date: February 28, 2022

4 STATEMENT OF CASH FLOWS

for 2021

Entity: **Public Joint-Stock Company “Rosseti Lenenergo” (PJSC “Rosseti Lenenergo”)**
 Taxpayer identification number
 Business type industry: **Power distribution/transmission and grid connection**
 Company / ownership type: **Joint stock company / Other Russian public-private schemes**
 Unit of measurement: **RUB thousand**

CODES			
OKUD Form	0710005		
Date (day, month, year)	31	12	2021
OKPO	00107131		
INN	7803002209		
OKVED 2	35.12		
OKOPF / OKFS	12247/49		
OKEI	384		

Line code	Description	For 2021	For 2020
	Cash flows from operations		
4110	Proceeds - total	94,728,208	86,480,232
	including:		
4111	from sale of products, goods, works, and services	93,810,278	81,641,925
411101	including from sale of products, goods, works, and services to related parties	65,116	120,409
4112	from lease payments, license fees, royalties, commission fees, and other similar payments	52,200	111,165
411201	including from lease payments, license fees, royalties, commission fees, and other similar payments from related parties	-	102,849
4119	Other proceeds	865,730	4,727,142
411901	including other proceeds from related parties	20,009	140,151
411902	Received in the process of restructuring	-	3,513,673
4120	Payments - total	(55,451,351)	(56,401,000)
	including:		
4121	to suppliers (contractors) for raw and other materials, work, services	(36,285,254)	(39,289,980)
412101	including to related parties for raw and other materials or services	(10,719,281)	(14,120,790)
4122	Employee compensations	(10,628,875)	(9,520,238)
4123	Interest on amounts outstanding	(435,454)	(249,260)
412301	including interest on amounts outstanding payable to related parties	(26,051)	(30,868)
4124	Corporate income tax	(3,734,311)	(4,025,726)
4129	Other payments	(4,367,457)	(3,315,796)
412901	including other payments to related parties	(27,234)	(83,280)
4100	Balance of cash flows from operations	39,276,857	30,079,232
	Cash flows from investments		
4210	Proceeds - total	5,282,004	887,272
	including:		
4211	from sale of non-current assets (except for financial investments)	-	6,771
4214	Dividends, interest on debt financial investments, and similar proceeds from equity investments in other entities	550,274	388,611
4219	Other proceeds	4,731,730	491,890
4220	Payments - total	(38,968,476)	(34,408,944)
	including:		
4221	in connection with purchase, creation, modernization, reconstruction and preparation for operation of non-current assets	(33,996,448)	(28,286,402)
422101	including payments to related parties in connection with purchase, creation, modernization, reconstruction and preparation for operation of non-current assets	(3,061,483)	(1,775,823)
4224	Interest on amounts outstanding included in the cost of investment asset	(1,031,613)	(1,132,194)
422401	including interest on debt obligations included in the cost of investment asset to related parties	(103,213)	(140,252)
4229	Other payments	(3,940,415)	(4,990,348)
4200	Balance of cash flows from investments	(33,686,472)	(33,521,672)

Line code	Description	For 2021	For 2020
	Cash flows from financial activities		
4310	Proceeds - total	18,540,402	45,283,523
	including:		
4311	Loans and borrowings	18,540,402	35,284,773
4314	Proceeds from issue of bonds, promissory notes and other debt securities, etc.	-	9,998,750
4320	Payments - total	(20,882,057)	(47,354,456)
	including:		
4321	to owners (members) for repurchased shares of (interests in) the company or in connection with cessation of their membership	-	(509,702)
4322	Dividends and other distributions to owners (members)	(3,618,245)	(2,051,356)
432201	including dividends and other distributions to owners (members) of related parties	(1,859,007)	(826,995)
4323	in connection with repayment (redemption) of promissory notes and other Debt securities, repayment of loans and borrowings	(17,254,940)	(44,754,574)
4329	Other payments	(8,872)	(38,824)
4300	Balance of cash flows from financial activities	(2,341,655)	(2,070,933)
4400	Balance of cash flows for the reporting period	3,248,730	(5,513,373)
4450	Opening balance of cash and cash equivalents	1,776,679	7,290,052
4500	Closing balance of cash and cash equivalents	5,025,409	1,776,679
4490	Effect of ruble exchange rate fluctuations	-	-

I.A. Kuzmin
CEO

M. V. Kuleshova
Chief Accountant

Date: February 28, 2022

5 NOTES TO THE BALANCE SHEET AND PROFIT AND LOSS STATEMENT OF PJSC “ROSSETI LENENERGO” FOR 2021

5.1 Intangible assets

5.1.1 Availability and flow of intangible assets

	Code	Period	At the beginning of the year				Change for the period					At the end of the period		
			Cost	Accumulated depreciation	Residual value	Additions	Disposals		Additions in connection with restructuring			Historical/current market value	Accumulated depreciation	Residual value
							Cost	Accumulated depreciation	Cost	Accumulated depreciation	Accrued depreciation			
Intangible assets - total	5100	2021	823,804	(531,583)	292,221	349,303	-	-	-	-	(106,849)	1,173,107	(638,432)	534,675
	5110	2020	705,440	(431,604)	273,836	98,038	-	-	20,326	(6,592)	(93,387)	823,804	(531,583)	292,221
Intellectual property items (exclusive rights to the intellectual property items), including:	5101	2021	591,711	(299,490)	292,221	349,303	-	-	-	-	(106,849)	941,014	(406,339)	534,675
	5111	2020	473,347	(199,511)	273,836	98,038	-	-	20,326	(6,592)	(93,387)	591,711	(299,490)	292,221
Patentholder’s rights to inventions, industrial design, utility model	51011	2021	64,290	(13,734)	50,556	14,942	-	-	-	-	(9,414)	79,232	(23,148)	56,084
	51111	2020	36,261	(7,630)	28,631	28,029	-	-	-	-	(6,104)	64,290	(13,734)	50,556
Proprietor’s rights to computer software, databases	51012	2021	527,401	(285,742)	241,659	334,361	-	-	-	-	(97,433)	861,762	(383,175)	478,587
	51112	2020	437,066	(191,869)	245,197	70,009	-	-	20,326	(6,592)	(87,281)	527,401	(285,742)	241,659
Owner’s rights to trademark, service mark, appellation of origin	51013	2021	20	(14)	6	-	-	-	-	-	(2)	20	(16)	4
	51113	2020	20	(12)	8	-	-	-	-	-	(2)	20	(14)	6
Other	5102	2021	232,093	(232,093)	-	-	-	-	-	-	-	232,093	(232,093)	-
	5112	2020	232,093	(232,093)	-	-	-	-	-	-	-	232,093	(232,093)	-

5.2 Research and development, design and engineering, and intangible assets

5.2.1 Availability and movements of R&D assets

	Code	Period	At the beginning of the year			Change for the period					At the end of the period			
			Cost	Portion of cost written off as expenses	Total at the beginning of the year	Disposals		Additions in connection with restructuring			Portion of cost written off as expenses	Total at the end of the year		
						Cost	Portion of cost written off	Cost	Portion of cost written off	Portion of cost written off				
R&D - total	5140	2021	73,490	(23,206)	50,284	-	(27,489)	916	-	-	(10,609)	46,001	(32,899)	13,102
including:	5150	2020	28,911	(13,224)	15,687	44,579	-	-	-	-	(9,982)	73,490	(23,206)	50,284
Completed patentable R&D	5141	2021	-	-	-	-	-	-	-	-	-	-	-	-
	5151	2020	-	-	-	-	-	-	-	-	-	-	-	-
Other	5142	2021	73,490	(23,206)	50,284	-	(27,489)	916	-	-	(10,609)	46,001	(32,899)	13,102
	5152	2020	28,911	(13,224)	15,687	44,579	-	-	-	-	(9,982)	73,490	(23,206)	50,284

5.2.2 Incomplete or non-patented R&D or intangible assets and transactions in progress to purchase intangible assets

	Code	Period	At the beginning of the year	Costs for the period	Change for the period		Recognized as intangible or R&D assets	At the end of the period
					Written off as costs without benefit	Additions in connection with restructuring		
Costs of R&D in progress - total	5160	2021	73,012	57,048	-	-	(14,942)	115,118
	5170	2020	68,041	49,550	-	-	(44,579)	73,012
including:								
Completed patentable R&D	5161	2021	73,012	57,048	-	-	(14,942)	115,118
	5171	2020	68,041	49,550	-	-	(44,579)	73,012
Other	5162	2021	-	-	-	-	-	-
	5172	2020	-	-	-	-	-	-
Transactions in progress to purchase intangible assets - total	5180	2021	500,971	493,880	-	-	(349,303)	645,548
	5190	2020	327,198	271,811	-	-	(98,038)	500,971
including:								
Patentholder's rights to inventions, industrial design, utility model	5181	2021	-	14,942	-	-	-	14,942
	5191	2020	-	-	-	-	-	-
Proprietor's rights to computer software, databases	5182	2021	500,971	478,938	-	-	(349,303)	630,606
	5192	2020	327,198	271,811	-	-	(98,038)	500,971

5.3 Fixed assets

5.3.1 Availability and movements of fixed assets

	Code	Period	At the beginning of the year			Change for the period						At the end of the period				
			Cost	Accumulated depreciation	Residual value	Additions	Reclassification		disposals		Additions connected with restructuring		Accrued depreciation	Cost	Accumulated depreciation	Residual value
							Cost	Accumulated depreciation	Cost	Accumulated depreciation	Cost	Accumulated depreciation				
Fixed assets - total	5200	2021	434,229,740	(224,741,779)	209,487,961	34,352,826	-	-	(2,440,362)	2,252,633	-	-	(17,214,113)	466,142,204	(239,703,259)	226,438,945
	5210	2020	359,869,911	(193,526,116)	166,343,795	32,745,708	-	-	(1,732,415)	1,372,755	43,346,536	(17,511,109)	(15,077,309)	434,229,740	(224,741,779)	209,487,961
including:																
Depreciable fixed assets - total:	5201	2021	433,949,063	(224,741,779)	209,207,284	34,038,706	-	-	(2,439,976)	2,252,633	-	-	(17,214,113)	465,547,793	(239,703,259)	225,844,534
	5211	2020	359,708,832	(193,526,116)	166,182,716	32,706,708	-	-	(1,732,415)	1,372,755	43,265,938	(17,511,109)	(15,077,309)	433,949,063	(224,741,779)	209,207,284
including:																
Production buildings	52011	2021	26,423,376	(14,157,061)	12,266,315	4,068,560	-	-	(45,398)	26,807	-	-	(550,163)	30,446,538	(14,680,417)	15,766,121
	52111	2020	23,882,384	(13,194,097)	10,688,287	1,136,483	742,722	(279,929)	(76,778)	66,202	738,565	(277,591)	(471,646)	26,423,376	(14,157,061)	12,266,315
Structures other than overhead power lines	52012	2021	6,864,735	(2,965,774)	3,898,961	374,214	-	-	(39,983)	35,994	-	-	(341,931)	7,198,966	(3,271,711)	3,927,255
	52112	2020	6,626,107	(2,790,237)	3,835,870	508,991	(930,053)	279,927	(49,293)	40,533	708,983	(171,376)	(324,621)	6,864,735	(2,965,774)	3,898,961
Overhead power lines and their accessories	52013	2021	250,097,481	(135,661,456)	114,436,025	11,059,966	-	-	(1,461,187)	1,340,191	-	-	(6,855,733)	259,696,260	(141,176,998)	118,519,262
	52113	2020	214,458,621	(124,660,064)	89,798,557	13,497,574	137,628	20,850	(981,409)	812,868	22,985,067	(5,649,844)	(6,185,266)	250,097,481	(135,661,456)	114,436,025

	Code	Period	At the beginning of the year			Change for the period						At the end of the period				
			Cost	Accumulated depreciation	Residual value	Additions		Reclassification		disposals		Additions connected with restructuring		Cost	Accumulated depreciation	Residual value
						Cost	Cost	Accumulated depreciation	Cost	Accumulated depreciation	Cost	Accumulated depreciation	Accrued depreciation			
Machinery and equipment	52014	2021	150,251,953	(71,784,950)	78,467,003	18,430,949	-	-	(888,273)	844,506	-	-	(9,435,922)	167,794,629	(80,376,366)	87,418,263
	52114	2020	114,550,717	(52,742,363)	61,808,354	17,477,784	49,703	(20,848)	(623,403)	451,620	18,797,152	(11,393,490)	(8,079,869)	150,251,953	(71,784,950)	78,467,003
Production and other equipment	52015	2021	311,374	(172,538)	138,836	104,962	-	-	(5,135)	5,135	-	-	(30,364)	411,201	(197,767)	213,434
	52115	2020	190,859	(139,355)	51,504	85,876	-	-	(1,532)	1,532	36,171	(18,808)	(15,907)	311,374	(172,538)	138,836
Other	52016	2021	144	-	144	55	-	-	-	-	-	-	-	199	-	199
	52116	2020	144	-	144	-	-	-	-	-	-	-	-	144	-	144
Items with unlimited useful life, non-depreciable - total	5202	2021	280,677	-	280,677	314,120	-	-	(386)	-	-	-	-	594,411	-	594,411
	5212	2020	161,079	-	161,079	39,000	-	-	-	-	80,598	-	-	280,677	-	280,677
including:																
Land plots	52021	2021	280,677	-	280,677	314,120	-	-	(386)	-	-	-	-	594,411	-	594,411
	52121	2020	161,079	-	161,079	39,000	-	-	-	-	80,598	-	-	280,677	-	280,677

5.3.2 Change in the cost of fixed assets due to further construction completion, additional equipment installation, reconstruction or partial dismantlement

	Code	For 2021	For 2020
Increase in the cost of fixed assets due to further construction completion, additional equipment installation or reconstruction - total	5260	4,964,281	6,369,764
Production buildings	5261	170,282	102,655
Structures other than overhead power lines	5262	4,149	12,143
Overhead power lines and their accessories	5263	2,907,307	4,274,070
Machinery and equipment	5264	1,882,543	1,980,896
Decrease in the cost of fixed assets due to partial dismantlement - total:	5270	(303,432)	(256,035)
Production buildings	5271	(523)	-
Overhead power lines and accessories thereto	5273	(227,455)	(213,200)
Machinery and equipment	5274	(75,427)	(42,402)
Production and other equipment	5275	(27)	(59)
Other	5276	-	(374)

5.3.3 Other use of fixed assets

	Code	At December 31, 2021	At December 31, 2020	At December 31, 2019
Leased out fixed assets carried on the balance sheet	5280	172,676	185,789	2,588,024
Rented fixed assets off the balance sheet	5283	3,119,847	3,092,837	37,335,988
Commissioned immovable property items actually used, registration of which is pending	5284	4,836,347	5,163,471	4,508,408
Suspended assets	5285	44,933	44,933	99,689

5.3.4 Capital investments in progress

	Code	Period	At the beginning of the year	Change for the period			At the end of the period	
				Costs for the period	Written off	Recognized as fixed assets or capital investments value increase		Additions in connection with restructuring
Construction and fixed assets purchase, modernization, etc. in progress - total	5240	2021	16,432,965	36,548,190	(477,507)	(34,061,983)	-	18,441,665
	5250	2020	17,006,043	31,881,504	(808,843)	(32,594,323)	948,584	16,432,965
including:								
Construction in progress	5241	2021	13,340,095	26,051,745	(471,090)	(22,760,882)	-	16,159,868
	5251	2020	14,790,911	28,787,022	(808,843)	(30,200,301)	771,306	13,340,095
Fixed assets purchase	5242	2021	177,001	5,414,470	-	(5,538,679)	-	52,792
	5252	2020	112,352	1,555,435	-	(1,499,116)	8,330	177,001
Equipment to be installed	5243	2021	2,909,414	2,161,182	(6,417)	(2,835,174)	-	2,229,005
	5253	2020	2,102,780	660,119	-	-	146,515	2,909,414
Other	5244	2021	6,455	2,920,793	-	(2,927,248)	-	-
	5254	2020	-	878,928	-	(894,906)	22,433	6,455

5.3.5 Capital construction and fixed assets purchase advances

	Code	Period	At the beginning of the year			Change for the period					At the end of the period			
			Recognized under contract terms	Provision for doubtful debts	Total at the beginning of the year	Additions	Accrual of the provision	Repaid	Written-off against provision	Written off as a loss	Reversal of the provision	Recognized under contract terms	Provision for doubtful debts	Total at the end of the year
Capital construction advances	5291	2021	1,386,560	(115,702)	1,270,858	2,891,627	(439)	(2,408,802)	(87)	(1,013)	1,850	1,868,285	(114,204)	1,754,081
	5292	2020	3,009,928	(423,716)	2,586,212	3,341,279	(217,567)	(4,963,972)	(269)	(406)	525,312	1,386,560	(115,702)	1,270,858
capital construction	52911	2021	1,386,560	(115,702)	1,270,858	2,890,942	(439)	(2,408,117)	(87)	(1,013)	1,850	1,868,285	(114,204)	1,754,081
	52921	2020	3,009,928	(423,716)	2,586,212	3,330,252	(217,567)	(4,952,945)	(269)	(406)	525,312	1,386,560	(115,702)	1,270,858
fixed assets purchase	52912	2021	-	-	-	-	-	-	-	-	-	-	-	-
	52922	2020	-	-	-	11,027	-	(11,027)	-	-	-	-	-	-
other	52913	2021	-	-	-	685	-	(685)	-	-	-	-	-	-
	52923	2020	-	-	-	-	-	-	-	-	-	-	-	-

5.4 Financial investments

5.4.1 Availability and movements of financial investments

	Code	Period	At the beginning of the year			Change for the period						At the end of the period		
			Cost	Accumulated adjustment	Total at the beginning of the year	Disposals (repayments)		Current market value (impairment losses)	Additions in connection with restructuring		Cost	Accumulated adjustment	Total at the end of the year	
						Cost	Accumulated adjustment		Cost	Accumulated adjustment				
Long-term financial investments - total	5301	2021	16,050,564	(8,420,311)	7,630,253	1,120,000	(4,720,552)	(24,528)	(528,240)	-	-	12,450,012	(8,973,079)	3,476,933
	5311	2020	26,808,131	(8,034,726)	18,773,405	4,990,348	(16,127,275)	(150,562)	(229,723)	379,360	(5,300)	16,050,564	(8,420,311)	7,630,253
Contributions to share (authorized) capitals of other companies - total including:	53021	2021	66,216	(14,153)	52,063	-	-	(36,816)	-	-	-	66,216	(50,969)	15,247
	53121	2020	16,188,131	(10,449)	16,177,682	-	(16,127,275)	1,596	-	5,360	(5,300)	66,216	(14,153)	52,063
Subsidiaries	530211	2021	13,338	(12,338)	1,000	-	-	5,000	-	-	-	13,338	(7,338)	6,000
	531211	2020	16,135,313	(7,338)	16,127,975	-	(16,126,975)	-	-	5,000	(5,000)	13,338	(12,338)	1,000
Other	530213	2021	52,878	(1,815)	51,063	-	-	(41,816)	-	-	-	52,878	(43,631)	9,247
	531213	2020	52,818	(3,111)	49,707	-	(300)	1,596	-	360	(300)	52,878	(1,815)	51,063
Deposits	53025	2021	15,610,348	(8,254,000)	7,356,348	1,120,000	(4,690,348)	-	(528,240)	-	-	12,040,000	(8,782,240)	3,257,760
	53125	2020	10,620,000	(8,024,277)	2,595,723	4,990,348	-	-	(229,723)	-	-	15,610,348	(8,254,000)	7,356,348
Other	53026	2021	374,000	(152,158)	221,842	-	(30,204)	12,288	-	-	-	343,796	(139,870)	203,926
	53126	2020	-	-	-	-	-	(152,158)	-	374,000	-	374,000	(152,158)	221,842
Short-term financial investments - total	5305	2021	-	-	-	2,820,415	-	-	-	-	-	2,820,415	-	2,820,415
	5315	2020	-	-	-	-	-	-	-	-	-	-	-	-
Deposits	53065	2021	-	-	-	2,820,415	-	-	-	-	-	2,820,415	-	2,820,415
	53165	2020	-	-	-	-	-	-	-	-	-	-	-	-
Financial investments - total	5300	2021	16,050,564	(8,420,311)	7,630,253	3,940,415	(4,720,552)	(24,528)	(528,240)	-	-	15,270,427	(8,973,079)	6,297,348
	5310	2020	26,808,131	(8,034,726)	18,773,405	4,990,348	(16,127,275)	(150,562)	(229,723)	379,360	(5,300)	16,050,564	(8,420,311)	7,630,253

5.4.2 Financial investments assessment adjustments

	Code	At the beginning of the year	Change for the period		Disposal upon write-off of financial investments	At the end of the period
			Increase	Decrease		
Long-term financial investments	7100	(8,420,311)	(571,203)	18,435	-	(8,973,079)
including:						
Difference between the current market value and initial valuation of financial investments	7110	-	-	-	-	-
Provision for impairment of financial investments for which market value cannot be determined	7130	(8,420,311)	(571,203)	18,435	-	(8,973,079)
including:						
Contributions to share (authorized) capitals of other companies - total	7131	(14,153)	(42,963)	6,147	-	(50,969)
Subsidiaries	71311	(12,338)	-	5,000	-	(7,338)
Affiliates	71312	-	-	-	-	-
Other	71313	(1,815)	(42,963)	1,147	-	(43,631)
Deposits	7135	(8,254,000)	(528,240)	-	-	(8,782,240)
Other	7136	(152,158)	-	12,288	-	(139,870)

5.5 Inventories

5.5.1 Availability and movements of inventories

	Code	Period	At the beginning of the year			Change for the period disposals			At the end of the period			
			Cost	Depreciation provision	Total at the beginning of the year	Proceeds and expenses	Cost	Depreciation on provision	Additions in connection with restructuring	Cost	Depreciation provision	Total at the end of the year
Inventories - total	5400	2021	1,160,459	(17,377)	1,143,082	1,096,854	(1,387,338)	7,549	-	869,975	(9,828)	860,147
	5420	2020	1,030,561	(28,710)	1,001,851	1,424,078	(1,342,086)	11,333	47,906	1,160,459	(17,377)	1,143,082
Materials	5401	2021	1,160,459	(17,377)	1,143,082	1,096,854	(1,387,338)	7,549	-	869,975	(9,828)	860,147
	5421	2020	1,030,561	(28,710)	1,001,851	1,424,078	(1,342,086)	11,333	47,906	1,160,459	(17,377)	1,143,082

5.5.2 Pledged inventories

	Code	At December 31, 2021	At December 31, 2020	At December 31, 2019
Inventories unpaid at the reporting date - total	5440	114,192	83,336	260,811
Materials	5441	114,192	83,336	260,811
Inventories pledged under contracts - total	5445	-	-	-
Materials	5446	-	-	-

5.6 Accounts receivable and accounts payable

5.6.1 Availability and movements of accounts receivable

	Code	Period	At the beginning of the year				Change for the period					At the end of the period					
			Recognized under contract terms	Provision for doubtful debts	Total at the beginning of the year	Additions in connection with transactions	Provision created	Repaid	Written-off against previously created provision	Written off as a loss	Reversal of the provision	Long-term receivables reclassified as short-term receivables	Proceeds from restructuring of accounts receivable	Proceeds from restructuring of the provision for doubtful debts	Recognized under contract terms	Provision for doubtful debts	Total at the end of the year
Long-term accounts receivable - total	5501	2021	305,891	-	305,891	445,237	-	(232,614)	-	-	-	624,817	-	-	1,143,331	-	1,143,331
	5521	2020	133,514	(368)	133,146	1,693,536	-	(1,739,014)	-	-	368	217,855	-	-	305,891	-	305,891
including:																	
Trade receivables	5502	2021	108,557	-	108,557	38,924	-	(133,356)	-	-	-	647,386	-	-	661,511	-	661,511
	5522	2020	38,503	(368)	38,135	72,889	-	(55,471)	-	-	368	52,636	-	-	108,557	-	108,557
including:																	
Power distribution/transmission	55021	2021	77,474	-	77,474	-	-	(77,474)	-	-	-	-	-	-	-	-	-
	55221	2020	-	-	-	-	-	-	-	-	-	77,474	-	-	77,474	-	77,474
Grid connection	55022	2021	30,386	-	30,386	1,115	-	(27,473)	-	-	-	35,937	-	-	39,965	-	39,965
	55222	2020	38,503	(368)	38,135	67,339	-	(49,921)	-	-	368	(25,535)	-	-	30,386	-	30,386
Lease revenue	55025	2021	18	-	18	8,068	-	(7,476)	-	-	-	(551)	-	-	59	-	59

	Code	Period	At the beginning of the year			Change for the period						At the end of the period					
			Recognized under contract terms	Provision for doubtful debts	Total at the beginning of the year	Additions in connection with transactions	Provision created	Repaid	Written-off against previously created provision	Written off as a loss	Reversal of the provision	Long-term receivables reclassified as short-term receivables	Proceeds from restructuring of accounts receivable	Proceeds from restructuring of the provision for doubtful debts	Recognized under contract terms	Provision for doubtful debts	Total at the end of the year
	55225	2020	-	-	-	5,550	-	(5,550)	-	-	-	18	-	-	18	-	18
Other	55026	2021	679	-	679	29,741	-	(20,933)	-	-	-	612,000	-	-	621,487	-	621,487
	55226	2020	-	-	-	-	-	-	-	-	-	679	-	-	679	-	679
Advances issued	5503	2021	48,562	-	48,562	37,408	-	(62,998)	-	-	-	8,115	-	-	31,087	-	31,087
	5523	2020	18,738	-	18,738	121,646	-	(226,364)	-	-	-	134,542	-	-	48,562	-	48,562
Other receivables	5505	2021	148,772	-	148,772	368,905	-	(36,260)	-	-	-	(30,684)	-	-	450,733	-	450,733
	5525	2020	76,273	-	76,273	1,499,001	-	(1,457,179)	-	-	-	30,677	-	-	148,772	-	148,772
Short-term accounts receivable - total	5510	2021	12,023,103	(6,444,883)	5,578,220	136,677,990	(870,091)	(137,478,086)	(150,443)	(4,934)	1,967,412	(624,817)	-	-	10,442,813	(5,197,119)	5,245,694
	5530	2020	9,800,643	(5,674,809)	4,125,834	124,576,485	(2,688,957)	(123,548,668)	(347,825)	(5,762)	1,915,780	(217,855)	1,766,085	(344,722)	12,023,103	(6,444,883)	5,578,220
including:																	
Trade receivables	5511	2021	7,241,099	(3,898,471)	3,342,628	112,024,923	(498,258)	(111,922,344)	(100,630)	(1,374)	1,721,560	(647,386)	-	-	6,594,288	(2,574,539)	4,019,749
	5531	2020	6,297,112	(3,566,710)	2,730,402	99,373,824	(2,181,464)	(99,336,081)	(148,031)	(2,378)	1,733,273	(52,636)	1,109,289	(31,601)	7,241,099	(3,898,471)	3,342,628
including:																	
Power distribution/trans	55111	2021	3,906,174	(1,204,712)	2,701,462	100,917,833	(163,277)	(100,381,197)	-	-	568,675	-	-	-	4,442,810	(799,314)	3,643,496

	Code	Period	At the beginning of the year			Change for the period						At the end of the period					
			Recognized under contract terms	Provision for doubtful debts	Total at the beginning of the year	Additions in connection with transactions	Provision created	Repaid	Written-off against previously created provision	Written off as a loss	Reversal of the provision	Long-term receivables reclassified as short-term receivables	Proceeds from restructuring of accounts receivable	Proceeds from restructuring of the provision for doubtful debts	Recognized under contract terms	Provision for doubtful debts	Total at the end of the year
mission services	55311	2020	3,481,147	(1,299,418)	2,181,729	91,076,402	(1,029,855)	(90,573,860)	(41)	-	1,124,520	(77,474)	-	-	3,906,174	(1,204,712)	2,701,462
Grid connection	55112	2021	2,172,145	(2,048,065)	124,080	10,524,907	(276,542)	(10,542,377)	(99,245)	(943)	526,160	(35,937)	-	-	2,018,550	(1,699,202)	319,348
	55312	2020	2,336,952	(2,238,602)	98,350	7,740,288	(526,861)	(7,913,186)	(147,137)	(132)	600,720	25,535	129,825	(30,459)	2,172,145	(2,048,065)	124,080
Managing the operation and development of UES of Russia distribution grid facilities	55113	2021	-	-	-	2,186	-	(2,186)	-	-	-	-	-	-	-	-	-
	55313	2020	-	-	-	2,186	-	(2,186)	-	-	-	-	-	-	-	-	-
Lease revenue	55115	2021	54,455	(24,639)	29,816	135,422	(7,525)	(111,268)	(40)	(8)	8,938	551	-	-	79,112	(23,186)	55,926
	55315	2020	239,650	(23,348)	216,302	107,926	(1,803)	(311,847)	-	-	560	(18)	18,744	(48)	54,455	(24,639)	29,816
Other	55116	2021	1,108,325	(621,055)	487,270	444,575	(50,914)	(885,316)	(1,345)	(423)	617,787	(612,000)	-	-	53,816	(52,837)	979
	55316	2020	239,363	(5,342)	234,021	447,022	(622,945)	(535,002)	(853)	(2,246)	7,473	(679)	960,720	(1,094)	1,108,325	(621,055)	487,270
Advances	5512	2021	2,151,949	(822,804)	1,329,145	16,373,240	(4,713)	(17,161,322)	(714)	(629)	110,622	(8,115)	-	-	1,354,409	(716,181)	638,228

Code	Period	At the beginning of the year				Change for the period						At the end of the period					
		Recognized under contract terms	Provision for doubtful debts	Total at the beginning of the year	Additions in connection with transactions	Provision created	Repaid	Written-off against previously created provision	Written off as a loss	Reversal of the provision	Long-term receivables reclassified as short-term receivables	Proceeds from restructuring of accounts receivable	Proceeds from restructuring of the provision for doubtful debts	Recognized under contract terms	Provision for doubtful debts	Total at the end of the year	
	5532	2020	1,149,212	(522,695)	626,517	16,440,199	(36,109)	(15,821,611)	(8)	(481)	22,880	(134,542)	519,180	(286,888)	2,151,949	(822,804)	1,329,145
Other receivables	5516	2021	2,630,055	(1,723,608)	906,447	8,279,827	(367,120)	(8,394,420)	(49,099)	(2,931)	135,230	30,684	-	-	2,494,116	(1,906,399)	587,717
	5536	2020	2,354,319	(1,585,404)	768,915	8,762,462	(471,384)	(8,390,976)	(199,786)	(2,903)	159,627	(30,677)	137,616	(26,233)	2,630,055	(1,723,608)	906,447
including:																	
Overpaid taxes and levies	55162	2021	615,314	-	615,314	4,397,789	-	(4,763,521)	-	-	-	-	-	-	249,582	-	249,582
	55362	2020	79,907	-	79,907	4,260,611	-	(3,784,154)	-	-	-	-	58,950	-	615,314	-	615,314
Other	55164	2021	2,014,741	(1,723,608)	291,133	3,882,038	(367,120)	(3,630,899)	(49,099)	(2,931)	135,230	30,684	-	-	2,244,534	(1,906,399)	338,135
	55364	2020	2,274,412	(1,585,404)	689,008	4,501,851	(471,384)	(4,606,822)	(199,786)	(2,903)	159,627	(30,677)	78,666	(26,233)	2,014,741	(1,723,608)	291,133
Total	5500	2021	12,328,994	(6,444,883)	5,884,111	137,123,227	(870,091)	(137,710,700)	(150,443)	(4,934)	1,967,412	-	-	-	11,586,144	(5,197,119)	6,389,025
	5536	2020	9,934,157	(5,675,177)	4,258,980	126,270,021	(2,688,957)	(125,287,682)	(347,825)	(5,762)	1,916,148	-	1,766,085	(344,722)	12,328,994	(6,444,883)	5,884,111

5.6.2 Overdue accounts receivable

Description	Code	At December 31, 2021		At December 31, 2020		At December 31, 2019	
		Recognized under contract terms	Carrying amount (less the provision for doubtful debts)	Recognized under contract terms	Carrying amount (less the provision for doubtful debts)	Recognized under contract terms	Carrying amount (less the provision for doubtful debts)
Due within 12 months following the reporting date	564	5,157,434	276,030	5,466,893	223,054	5,859,538	474,001
including:							
Trade receivables, including from	5641	3,264,978	265,840	3,463,977	204,018	3,953,985	446,092
Power distribution/transmission	56411	907,714	108,399	1,262,546	61,984	1,406,179	106,762
Grid connection	56412	2,264,395	137,185	2,120,067	88,463	2,240,524	60,737
Lease	56415	34,054	14,260	23,661	313	223,975	200,627
Other	56416	58,815	5,996	57,703	53,258	83,307	77,966
Advances	5645	712,950	5,385	820,682	14,498	540,944	20,766
Other receivables	5646	1,179,506	4,805	1,182,234	4,538	1,364,609	7,143

5.6.3 Availability and movements of accounts payable

	Code	Period	Balance at the beginning of the year	Change for the period				Balance at the end of the period	
				Additions in connection with transactions	Repaid	Written-off as a loss	Long-term payables reclassified as short-term payables		Additions in connection with restructuring
Long-term accounts payable - total	5551	2021	5,531,686	4,433,067	(1,821)	-	(2,517,081)	-	7,445,851
	5571	2020	5,856,280	3,244,534	(29,853)	-	(3,539,275)	-	5,531,686
including:									
Trade payables	5552	2021	25,771	5,868	(1,821)	-	21,000	-	50,818
	5572	2020	36,702	27,766	(29,853)	-	(8,844)	-	25,771
Advances	5553	2021	5,505,915	4,427,199	-	-	(2,538,081)	-	7,395,033
	5573	2020	5,819,578	3,216,768	-	-	(3,530,431)	-	5,505,915
Short-term accounts payable - total	5560	2021	26,583,439	218,130,342	(217,417,131)	(151,266)	2,517,081	-	29,662,465
	5580	2020	27,953,171	200,508,536	(207,427,970)	(128,246)	3,539,275	2,138,673	26,583,439
including:									
Trade payables	5561	2021	10,921,545	87,651,327	(88,135,645)	(23,022)	(21,000)	-	10,393,205
	5581	2020	12,973,003	79,489,682	(81,761,109)	(55,704)	8,844	266,829	10,921,545
including:									
Construction	55611	2021	7,759,208	38,675,355	(39,123,844)	(20,456)	-	-	7,290,263
	55811	2020	7,128,288	35,132,885	(34,590,346)	(54,426)	-	142,807	7,759,208
Other	55612	2021	3,162,337	48,975,972	(49,011,801)	(2,566)	(21,000)	-	3,102,942
	55812	2020	5,844,715	44,356,797	(47,170,763)	(1,278)	8,844	124,022	3,162,337
Advances	5562	2021	13,310,729	75,946,676	(77,139,994)	(104,571)	2,541,153	-	14,553,993
	5582	2020	11,640,344	70,979,131	(74,220,484)	(62,712)	3,530,431	1,444,019	13,310,729
including for:									
Power distribution/transmission	55621	2021	9,903	69,065,929	(69,055,684)	-	-	-	20,148
	55821	2020	4,071	67,275,427	(67,269,595)	-	-	-	9,903
Grid connection	55622	2021	12,132,720	4,499,507	(7,153,044)	(103,305)	2,543,901	-	11,919,779
	55822	2020	10,873,140	2,718,593	(6,370,969)	(62,021)	3,530,431	1,443,546	12,132,720
Lease services	55626	2021	759	46,766	(44,003)	(103)	-	-	3,419
	55826	2020	362	37,465	(37,077)	-	-	9	759
Other	55627	2021	1,167,347	2,334,474	(887,263)	(1,163)	(2,748)	-	2,610,647
	55826	2020	762,771	947,646	(542,843)	(691)	-	464	1,167,347
Dividends payable to members (founders)	5563	2021	107,080	3,618,245	(3,615,161)	-	-	-	110,164
	5583	2020	71,511	2,561,035	(2,525,752)	-	-	286	107,080
Promissory notes payable	5564	2021	-	-	-	-	-	-	-

	Code	Period	Balance at the beginning of the year	Change for the period				Balance at the end of the period
				Additions in connection with transactions	Repaid	Written-off as a loss	Long-term payables reclassified as short-term payables	
	5584	2020	66,000	-	(66,000)	-	-	-
Social security payments	5565	2021	230,335	2,477,419	(2,478,147)	-	-	229,607
	5585	2020	216,627	2,215,492	(2,204,853)	-	-	3,069
Taxes payable	5566	2021	553,368	33,005,854	(31,851,872)	-	-	1,707,350
	5586	2020	1,395,560	30,714,971	(31,646,600)	-	-	89,437
Employee payments	5567	2021	343,770	8,974,482	(8,812,665)	-	-	505,587
	5587	2020	341,071	8,160,154	(8,157,455)	-	-	343,770
Other payables	5568	2021	1,116,612	6,456,339	(5,383,647)	(23,673)	(3,072)	2,162,559
	5588	2020	1,249,055	6,388,071	(6,845,717)	(9,830)	-	335,033
Total	5550	2021	32,115,125	222,563,409	(217,418,952)	(151,266)	-	37,108,316
	5570	2020	33,809,451	203,753,070	(207,457,823)	(128,246)	-	2,138,673

5.6.4 Overdue accounts payable

Description	Code	At December 31, 2021	At December 31, 2020	At December 31, 2019
Accounts payable		3,608,665	5,085,115	5,101,526
Trade payables	5691	1,661,506	1,906,570	1,722,629
Including for:				
Construction	56911	1,605,797	1,833,686	1,722,629
Other	56912	55,709	72,884	-
Advances received	5696	1,947,159	3,178,545	3,378,897
Other payables	5698	-	-	-

5.7 Loans and borrowings

5.7.1 Loans and borrowings

Description	Code	Period	At the beginning of the year	Change for the period				At the end of the period	
				Additions	Interest accrued	Repayment of principal	Repayment of interest		Long-term debt reclassified as short-term debt
Long-term borrowings - total	7410	2021	26,284,773	18,123,820	-	(17,158,773)	-	(3,614,000)	23,635,820
	7430	2020	17,000,000	40,284,773	-	(31,000,000)	-	-	26,284,773
including:									
Loans	7411	2021	16,284,773	18,123,820	-	(17,158,773)	-	(3,614,000)	13,635,820
	7431	2020	17,000,000	30,284,773	-	(31,000,000)	-	-	16,284,773
Borrowings	7412	2021	10,000,000	-	-	-	-	-	10,000,000
	7432	2020	-	10,000,000	-	-	-	-	10,000,000
Short-term borrowings - total	7420	2021	2,762,050	416,582	1,527,077	(96,166)	(1,467,066)	3,614,000	6,756,477
	7440	2020	11,214,179	5,000,000	1,617,900	(13,688,574)	(1,381,455)	-	2,762,050
including:									
Loans	7421	2021	-	416,582	-	(96,166)	-	3,614,000	3,934,416
	7441	2020	8,688,574	5,000,000	-	(13,688,574)	-	-	-
Loan interest	74211	2021	50,650	-	765,065	-	(719,402)	-	96,313
	74411	2020	39,949	-	911,836	-	(901,135)	-	50,650
Borrowings	7422	2021	2,711,400	-	762,012	-	(747,664)	-	2,725,748
	7442	2020	2,485,656	-	706,064	-	(480,320)	-	2,711,400

5.7.2 Loan and borrowing expenses

Indicator	Code	Long-term loans and borrowings	Short-term loans and borrowings
Loan expenses - total:	7510	763,799	1,266
written off as other expenses	7511	245,043	158
included in the cost of assets	7512	518,756	1,108
Borrowing expenses - total:	7520	620,100	141,912
written off as other expenses	7521	133,703	28,600
included in the cost of assets	7522	486,397	113,312
Of the total loan and borrowing expenses:	7530	1,383,899	143,178
accrued interest	7531	1,383,899	143,178
sundry expenses	7532	-	-

5.8 Provisions

	Code		Balance at the beginning of the year	Recognized	Repaid	Written-off as surplus	Additions in connection with restructuring	Balance at the end of the period
Estimated liabilities - total	57001	2021	9,452,785	4,093,848	(2,187,819)	(1,607,131)	-	9,751,683
	57002	2020	6,670,655	5,421,469	(1,190,281)	(1,488,335)	39,277	9,452,785
including:								
Future payment of leave allowances	57011	2021	481,865	837,900	(774,479)	-	-	545,286
	57012	2020	425,427	698,940	(668,170)	-	25,668	481,865
Payment of year-end bonuses	57021	2021	579,530	591,892	(496,079)	(41,349)	-	633,994
	57022	2020	325,191	696,435	(430,203)	(11,893)	-	579,530
Pending legal proceedings at the reporting date	57031	2021	815,272	879,652	(181,557)	(839,728)	-	673,639
	57032	2020	604,203	587,129	(38,725)	(349,988)	12,653	815,272
Tax authorities' claims after tax audits that remain unresolved at the reporting date	57041	2021	5,518,032	1,154,764	-	-	-	6,672,796
	57042	2020	2,813,527	2,704,505	-	-	-	5,518,032
Other provisions	57051	2021	2,058,086	629,640	(735,704)	(726,054)	-	1,225,968
	57052	2020	2,502,307	734,460	(53,183)	(1,126,454)	956	2,058,086

Out of which:

	code	for 2021	for 2020
Recognized as ordinary business expenses	5706	1,264,036	1,121,298
Recognized as other expenses	5707	2,610,186	4,078,908
Included in the cost of assets	5708	219,626	221,263

5.9 Security and collaterals

	Code	At December 31, 2021	At December 31, 2020	At December 31, 2019
Received	5800	9,896,517	8,913,474	6,726,297
Given	5810	91,556	92,281	223,823
including:				
promissory notes	5811	-	-	66,000
other given	5813	91,556	92,281	157,823

5.10 Government grants

	Code	Period	At the beginning of the year	Received during the year	Returned during the year	At the end of the year
Financing received from the government - total	5900	2021	-	6,061	(6,061)	-
		2020	-	5,289	(5,289)	-
including:						
Other purposes	5906	2021	-	6,061	(6,061)	-
		2020	-	5,289	(5,289)	-
including:						
Financing of preventive measures to reduce occupational injuries and diseases	5911	2021	-	6,061	(6,061)	-
		2020	-	5,289	(5,289)	-

5.11 Other income and expenses

Other income - total, including	Code	2021	2020
Sale of fixed assets other than apartments	8001	33,628	9,462
Sale of inventories	8003	60,185	59,008
Sale of other assets	8007	41,480	3,377
Profit of previous years recognized in the reporting period	8009	264,197	160,744
Fines and penalties recognized or for enforcement of which court (arbitration) decisions have been obtained	8013	337,758	167,730
Accounts payable with expired period of limitation (over three years)	8014	151,718	128,275
Exchange differences	8015	-	316
Surplus property as a result of inventory audit	8016	133	3,825
Donated assets other than fixed assets and intangible assets	8017	-	5,625
Income from donated fixed assets determined in accordance with the with established procedure	8018	2,491	176,601
Cost of tangible assets remaining after write-off of assets unfit for restoration and further use	8019	8,972	53,472
Income from reduction (write-off) of the provision for doubtful debts	8021	1,764,435	2,399,056
Income from reduction (write-off) of provisions	8022	1,534,924	1,271,425
Income from reduction (write-off) of inventories depreciation provision	8023	17,377	22,575
Income from identified non-contractual power consumption	8025	152,017	388,688
Insurance payments receivable	8026	50,692	44,039
Reversal of previously written off accounts receivable	8028	6,600	929
Income from reduction (write-off) of financial investments impairment provision	8031	6,147	1,596
Income under compensation agreements	8035	722,431	249,423
Other	8035	88,942	91,294
Total		5,244,127	5,237,460

Other expenses - total, including	code	for 2021	for 2020
Sale of fixed assets other than apartments	8101	(15,668)	(2,261)
Sale of inventories	8103	(11,268)	(51,334)
Sale of other assets	8107	(30,283)	(3,208)
Other taxes	8108	(28)	(21)
Expenses for bank services	8109	(1,197)	(524)
Expenses for financial investments service	8110	(7,725)	(9,541)
Provision for doubtful debts	8111	(942,300)	(2,716,311)
Financial investments impairment provision	8112	(558,915)	(381,881)
Material assets depreciation provision	8113	(9,828)	(11,241)
Provisions	8115	(3,256,271)	(4,078,907)
Written off construction in progress	8116	(588,700)	(1,171,963)
VAT on donated property	8117	(2,151)	-
Loss of previous years recognized in the reporting period	8118	(109,758)	(332,423)
Fines and penalties recognized or for enforcement of which court (arbitration) decisions have been obtained	8122	(79,941)	(151,014)
State duties under business agreements and contracts	8123	(20,661)	(39,361)
Non-refundable VAT	8127	(23,492)	(106,039)
Expenses for identified non-contractual power consumption	8128	(63,742)	(61,940)
Contributions to associations and foundations	8129	(5,346)	(5,312)
Accounts receivable with expired period of limitation (over three years)	8130	(15,670)	(5,872)
Court expenses	8132	(61,184)	(65,667)
Misappropriation, shortfalls	8133	(3,335)	(27,206)
Expenses for enforcement proceedings	8134	(41,109)	(22,284)
Other material (financial) assistance and other payments to employees	8136	(345,973)	(223,661)
Material assistance to retirees (including lump-sum payments, reimbursement of utility bills)	8137	(13,794)	(13,917)
Expenses for sport events	8138	(6,091)	(1,671)
Expenses for cultural and educational events	8139	(35,050)	(20,130)
Charity-related expenses	8140	(53,864)	(41,698)
Agency fees and services from profit	8145	-	(173,544)
Consultancy services	8146	(79,822)	(159,449)
Non-governmental retirement benefits	8147	(119,056)	(19,787)
Expenses under compensation agreements	8148	(78,317)	(7,597)
Other	8149	(488,432)	(346,312)
		(7,068,971)	(10,252,076)

5.12 Information on reporting segments

	Code	Period	Saint Petersburg	Leningrad Region	Total
Revenue from external customers	8310	2021	58,440,435	34,950,353	93,390,788
	8311	2020	50,678,567	31,967,142	82,645,709
including					
revenue from power distribution/transmission	8301	2021	50,632,997	33,625,418	84,258,415
	8401	2020	45,554,330	30,342,672	75,897,002
revenue from grid connection	8302	2021	7,500,299	1,201,156	8,701,455
	8402	2020	4,797,407	1,542,812	6,340,219
other revenue	8303	2021	307,139	123,779	430,918
	8403	2020	326,830	81,658	408,488
Interest receivable	8303	2021	395,150	239,120	634,270
	8403	2020	230,710	144,428	375,138
Interest payable	8304	2021	176,862	230,641	407,503
	8404	2020	91,048	200,940	291,988
Income tax expenses	8305	2021	3,134,640	1,687,584	4,822,224
	8405	2020	2,250,148	775,944	3,026,092
Profit/(loss) for the segment	8306	2021	16,376,137	3,418,067	19,794,204
	8406	2020	10,785,850	3,361,163	14,147,013
Segment assets	8307	2021	194,940,277	84,756,315	279,696,592
	8407	2020	175,178,658	79,913,629	255,092,287
including non-current assets	8308	2021	183,864,836	77,286,740	261,151,576
	8408	2020	168,359,970	75,306,446	243,666,416
Segment liabilities	8309	2021	34,142,312	56,005,492	90,147,804
	8409	2020	31,976,867	50,110,392	82,087,259
Depreciation of fixed and intangible assets	8390	2021	11,491,478	5,711,860	17,203,338
	8490	2020	9,757,413	5,404,819	15,162,232

I. A. Kuzmin
CEO

M. V. Kuleshova
Chief Accountant

Date: February 28, 2022

6 Notes to the Balance Sheet and Profit and Loss Statement for 2021

6.1 General information

6.1.1 Information about the Company

Public Joint-Stock Company “Rosseti Lenenergo” (formerly PJSC “Lenenergo”, an entry on the change of name of the Company was made to Unified State Register of Corporate Entities in July 2020), abbreviated name: PJSC “Rosseti Lenenergo” (“Company”) was established on January 22, 1993 as a legal successor of the government-owned Production Association of the Power Industry and Electrification “Lenenergo” to the extent as defined in the privatization plan of December 22, 1992. On October 1, 2005, the company’s production, sale and power distribution/transmission divisions were spun off, and the Company kept electric power distribution and transmission grids as its business.

The Company’s average annual headcount was 7,923 at December 31, 2021 (December 31, 2020: 7,642; December 31, 2019: 7,256).

The Company’s stock is listed on the Moscow Stock Exchange.

Registered address of the Company: 196247, Saint Petersburg, Ploshchad Konstitutsii, 1.

The Board of Directors of the Company includes:

- | | | |
|------------------|---|--|
| A. V. Ryumin | – | CEO, PJSC “Rosseti”; Chairperson of the Board of Directors, PJSC “Rosseti Lenenergo” |
| A. S. Bondarchuk | – | Chairperson, Energy and Building Services Committee |
| A. V. German | – | Deputy Chairperson, Saint Petersburg Property Relations Committee |
| E. S. Golubeva | – | Chief of Staff for C. G. Dregval, Saint Petersburg Vice-Governor; |
| P. V. Grebtsov | – | Deputy CEO for Economics and Finance, PJSC “Rosseti”; |
| C. G. Dregval | – | Saint Petersburg Vice-Governor; |
| D. V. Krainsky | – | Deputy CEO for Legal Support, PJSC “Rosseti”; Advisor to the CEO, PJSC “Rosseti Lenenergo”; |
| I. A. Kuzmin | – | CEO, PJSC “Rosseti Lenenergo”; |
| A. V. Mayorov | – | First Deputy CEO – Chief Engineer, PJSC “Rosseti”; |
| A. G. Malukhin | – | Deputy CEO – Director for Capital Construction, Saint Petersburg Water Service Company; |
| S. S. Pikin | – | Director, Energy Development Fund; |
| A. A. Polinov | – | Deputy CEO for Economics and Finance, PJSC “Rosseti Lenenergo”;
Senior Advisor, PJSC “Rosseti”; |
| Ye. O. Tsereteli | – | Director, Saint Petersburg Small and Medium Enterprises Development Foundation, Nonprofit Entity. |

The overall management of the Company is carried out by its chief executive officer (CEO) and collegial management body (Management Board).

The Company’s Management Board consists of the following officials of PJSC “Rosseti Lenenergo”:

PJSC “Rosseti Lenenergo”

Notes to the Balance Sheet and Profit and Loss Statement for 2021

(in RUB thousand unless otherwise stated)

-
- | | | |
|-----------------|---|---|
| I. A. Kuzmin | – | CEO, Chairperson of the Management Board, PJSC “Rosseti Lenenergo”; |
| D. V. Krainsky | – | Deputy CEO for Legal Support, PJSC “Rosseti”; Advisor to the CEO, PJSC “Rosseti Lenenergo”; |
| A. A. Polinov | – | Deputy CEO for Economics and Finance, PJSC “Rosseti Lenenergo”; Senior Advisor, PJSC “Rosseti”; |
| A. S. Goryachev | – | Deputy CEO for Capital Construction, PJSC “Rosseti Lenenergo”. |

The Internal Audit Board of the Company includes:

- | | | |
|-----------------|---|--|
| S. N. Kovalyova | – | Director for Internal Audit – Head of the Internal Audit Department, PJSC “Rosseti”; |
| V. V. Tsarkov | – | First Deputy Head of the Internal Audit Department, PJSC “Rosseti”; |
| S. M. Trishina | – | Deputy Head of the Internal Audit Department – Head of the Subsidiary Corporate Audit and Control Office of the Internal Audit Department, PJSC “Rosseti”; |
| O. N. Totmyanin | – | Chief Expert, Operational Audit Office of the Internal Audit Department, PJSC “Rosseti”; |
| I. Yu. Bogachev | – | Chief Expert, Operational Audit Office of the Internal Audit Department, PJSC “Rosseti”. |

6.1.2 Operating environment of the Company

The Russian Federation has certain characteristics of an emerging market. Its economy is particularly sensitive to oil and gas prices. The legal, tax and regulatory frameworks continue to evolve and are subject to frequent changes and varying interpretations. Ongoing political tension in the region and international sanctions against certain Russian companies and individuals continue to have an adverse effect on the Russian economy.

Since December 2021, the geopolitical situation has deteriorated and it continues to be highly unstable. The effect of additional restrictions and sanctions against Russian companies and the economy of the Russian Federation in general has increased. The implications of these events cannot currently be reliably measured. The Management cannot predict the impact of this uncertainty on the future activities of the Company with any degree of confidence, but it does not affect the ability of the Company to continue its activities in the foreseeable future.

In March 2020, the World Health Organization declared the outbreak of COVID-19 to be a pandemic. In response to the pandemic, the Russian authorities implemented numerous measures attempting to contain the spreading and impact of COVID-19, such as travel bans and restrictions, quarantines, shelter-in-place orders and limitations on business activity, including closures. Some of the above measures were subsequently eased, but at December 31, 2021, the rate of infection remained high, the share of vaccinated population was relatively low and there was a risk that the Russian government agencies would introduce additional restrictions in subsequent periods, including in connection with the emergence of new strains of the virus.

In 2021, the Russian economy showed a post-pandemic rebound. Global economy recovery and increase in global commodities market prices also contributed to these developments. However, higher prices in some markets in Russia and worldwide also contribute to the growth of inflation in Russia.

The future effects of the current economic situation and above-mentioned measures are difficult to predict and the Management’s current estimates and expectations may differ from actual results.

The Company’s Management is taking necessary measures to ensure sustainability of the Company’s operations and support its customers and employees. The Company continues to monitor and assess the development of the situation and react accordingly:

- operate in close coordination with federal and regional authorities to contain the spread of coronavirus and take all necessary measures to ensure the safety and protection of life and health of its employees and contractors;
- take measures to ensure reliable power supply, implement investment projects;
- analyze the forward looking and actual information about the impact of the pandemic on the economy of the Russian Federation and operations of the Company and its key counterparties;
- adapt the Company’s activities taking into account new market opportunities, take measures to neutralize the possible negative impact of the pandemic and ensure financial stability of the Company.

6.1.3 Financial risk and capital management

The Company is exposed to industry-specific, legal and other internal and external factors (significant conditions, events, circumstances, actions). This gives rise to a variety of risks that can significantly affect the financial position and financial performance of the Company.

Risk management mechanism

The Company’s risk management policy was approved by the Board of Directors of the Company in order to identify and analyze the risks faced by the Company, to set appropriate risk limits and relevant control mechanisms, and to monitor risks and adherence to the established limits. The risk management policies and systems are regularly analyzed to determine whether it is necessary to amend them due to the changes in the market conditions and the Company’s operations. Risk management is deemed to be one of the crucial elements of strategic management and internal control.

The Company has training and management standards and procedures in place in order to create a consistent and efficient control system, in which all employees understand their roles and responsibilities.

Industry-specific risks

These risks are the risks associated with industry regulation and the risk of deterioration in demand for the services. The main services provided by the Company are electric power distribution and transmission using its grids, and grid connection services. These activities are regulated by the state.

Therefore, the Company may be exposed to regulatory risks related to authorities' containment of the planned power distribution/transmission tariff growth, adjustment of the required gross proceeds due to the deviation of the actual regulated parameters from the established ones, and to the possible changes in legislation that governs the tariff regulation. If power consumption by the end consumers decreases, and it has an adverse impact on the Company's financial performance, the Company plans to take steps to cut costs, and to compensate for the income shortfalls in the next regulated period tariff by addressing the state regulatory bodies.

The Russian laws governing the electric power industry are subject to frequent changes and allow ambiguous interpretation. Therefore, the market participants often interpret the legal regulations and, based on those, contractual terms and conditions differently, which results in disputes in assessment of mutual obligations.

The Company takes the following steps to minimize the above mentioned risks:

- ongoing control of compliance with the terms and conditions of contracts with counterparties, and prompt initiation of amicable settlement procedure for resolution of disputes;
- interaction with regional authorities that regulate tariffs in order to set the feasible tariffs that compensate all of the Company's expenses and allow for the investment program implementation as required;
- development of cost management programs, introduction of parameters that reflect the reduction of the operating expenses and procurement value into the system of management efficiency assessment;
- interaction with regional administrations in order to review and approve the investment programs that include the required scope of works to maintain the reliability of the system, and to carry out reconstruction of facilities in order to connect new applicants;
- implementation of the energy preservation and energy efficiency improvement program.

Country and regional risks

Despite the stabilization efforts of the Russian Government in order to ensure the liquidity and refinancing of foreign loans to the Russian banks and entities, there is still uncertainty with respect to possible access to the capital sources, and the cost of capital for the Company and its counterparties, which may affect the Company's financial position, operating results, and economic prospects. The instability of the capital markets may result in the significant deterioration of the liquidity in the banking sector and tightening of loan conditions in Russia.

In general, the Company cannot significantly affect the economic situation in the country. However, if the situation in the country or the regions of the Company's operations changes for the worse, the Company will do everything in its power to mitigate the adverse effect on its financial position and performance.

Legal risks

In order to mitigate the stakeholder risks, the Company's shareholders register is maintained by a professional registrar. The Company regularly implements measures to ensure communication with the shareholders and to protect the shareholders' lawful rights and interests.

Antitrust risks

In order to reduce the impact of factors that trigger the occurrence of antitrust risks occurring, the Company improves its grid connection business processes by simplifying its internal procedures and reducing the timelines thereof and introduces new types of servicing the consumers, particularly with respect to the interactive methods of servicing, which reduces the impact the personnel errors and abuse have. The Company also regularly assesses the consumer satisfaction and designs corrective measures as a result of such assessment.

Financial risks

Financial risk comprises market risk (including currency risk, interest rate risk, and other price risk), credit risk and liquidity risk. The primary objectives of the financial risk management are to establish risk limits, and to ensure that exposure to risks stays within these limits.

Interest rate risk

In the course of its financial and economic activities, the Company raises borrowed funds. The growth of the key rate of the Central Bank of the Russian Federation and instability in financial markets result in increase in the interest rates on individual loans, given that contracts provide for the bank’s right to increase the rate unilaterally.

In order to reduce interest rate risks, the Company takes the following measures:

- Entering into long-term revolving facility agreements that provide for a significant borrowing limit and setting a loan interest rate cap depending on the refinancing rate of the Central Bank of the Russian Federation;
- Selecting financial institutions for the provision of services through open competitive procedures, which allows raising loans on the most favorable terms for the Company.

Currency risk

The Company provides services and raises substantial borrowings only in Russian rubles. Therefore, the Management believes the Company is not exposed to currency risk.

Inflation risks

The adverse effect of the inflation on the financial and economic operations of the Company may cause losses in the actual value of receivables, increase of the interest payable, increase of the net costs, and decrease of the actual value of the investment program funds. The Company conducts its business planning in view of the expected growth in prices of products, works, and services.

If the inflation rates accelerate, the Company plans taking additional steps to cut costs. Furthermore, the actual inflation is taken into consideration when adjusting the required gross proceeds in order for the regulatory authorities to make tariff and balance decisions, which partially sets off the impact of the risk on the business and financial operations of the Company.

Credit risk

Credit risk is the risk of the Company incurring losses if its counterparties fail to comply with their obligations to the Company when due. The Company is exposed to credit risk with respect to its operations (primarily, trade receivables) and investment activities, including bank deposits. The amount of credit risk is limited to the carrying amount of receivables, financial investments, and cash at the reporting date.

Trade receivables

Credit risk related to the clients is managed in accordance with the policy, procedures, and control system established by the Company. Client’s credit quality is assessed in view of the detailed borrowing capacity questionnaire review. Outstanding receivables are monitored regularly in order to ensure prompt measures to recover or create provisions. Amounts of overdue receivables are disclosed in *Table 5.6.2. Overdue accounts receivable* of the Notes to the Balance Sheet and Profit and Loss Statement.

Asset impairment loss

The necessity to recognize assets impairment is assessed at each reporting date individually for large clients and assets. Information on bad receivables is disclosed in *Table 5.6.1. Availability and flow of accounts receivable* of the Notes to the Balance Sheet and Profit and Loss Statement. Information on the composition of financial investments is disclosed in *Table 5.4.1. Availability and flow of financial investments* of the Notes to the Balance Sheet and Profit and Loss Statement. The Company does not have property pledged to it as collateral for the receivables.

Financial investments and cash assets

Credit risk related to the balances on accounts with banks and financial institutions is managed in accordance with the relevant Company’s policy. *Sections 6.3.7. Cash and cash equivalents* and *6.3.4. Financial investments* of the Notes to the Balance Sheet and Profit and Loss Statement contain information on the balance of cash and financial investments.

Liquidity risk

Liquidity risk is associated with the Company’s ability to discharge its financial liabilities existing at the reporting date in full and when due: trade payables, loan and borrowing debt.

In its business and financial operations, the Company uses its own sources as well as current and non-current borrowings. The fair value of cash and receivables, trade and other payables, and current borrowings at December 31, 2021 equals the carrying amount thereof due to their short terms of maturity.

The Company manages liquidity risk by optimizing its leverage.

Also, the Company’s Management imposed a number of aggregate borrowings caps. The Group’s debt is always subject to all of the following limits:

- a limit based on the structure of working capital (medium-term liquidity limit);
- a limit based on the structure of liabilities (financial leverage limit);

- a limit based on the operating cash flow amount (debt coverage limit and debt service coverage limit).

In addition to the borrowing limits, the Group’s Management sets the borrowing cost limit for the Company’s borrowings. The Company may not borrow funds in excess of the borrowing cost limit.

To control the changes in accounts receivable and accounts payable, the Company has operational regulations that set the scopes of competence of the Company’s divisions, responsible officers and experts in the area of debt management and govern their activities. The Company also monitors overdue receivables and payables; for more information see *Tables 5.6.2. Overdue accounts receivable* and *5.6.4. Overdue accounts payable* of the Notes to the Balance Sheet and Profit and Loss Statement.

The Company manages liquidity risk taking into account the following factors:

(a) At December 31, 2021, the Company’s current liabilities exceeded its current assets by RUB 27,917,242 thousand (December 31, 2020: RUB 27,411,010 thousand). Prepayments for future services account for a significant portion of the Company’s current liabilities.

(b) At December 31, 2021, the Company has an available credit limit whereby it can raise additional funds to the total amount of RUB 119,601,728 thousand (December 31, 2020: RUB 81,715,227 thousand), including:

- RUB 44,414,780 thousand under revolving facilities opened to the Company with the bank’s loan commitment (December 31, 2020: RUB 58,000,000 thousand);
- RUB 73,335,400 thousand under revolving facilities opened to the Company without the bank’s loan commitment (December 31, 2020: RUB 21,715,227 thousand);
- RUB 1,851,548 thousand - credit resources in the form of overdraft (December 31, 2020: RUB 2,000,000 thousand).

(c) In 2021, the Company earned profit in the amount of RUB 19,794,204 thousand (2020: RUB 14,147,013 thousand).

(d) Net cash flow from operating activities amounted to RUB 39,276,857 thousand (2020: RUB 30,079,232 thousand).

The Company’s Management believes that the Company will be able to continue as a going concern and, as a result, it will be able to realize its assets and discharge its liabilities in the normal course of business.

6.2 Accounting policy

These accounting statements of the Company were prepared on the basis of the following accounting policy.

Basis of preparation

The accounting statements were prepared on the basis of the accounting and reporting rules applicable in the Russian Federation, as established by the Federal Law *On Accounting*, the Regulations for Accounting and Financial Reporting in the Russian Federation and other regulatory acts on accounting approved by the Ministry of Finance of the Russian Federation.

Assets were reported in the accounting statements at their actual costs, except for fixed assets and intangible assets recorded at their residual value and assets for which provisions for their depreciation (impairment) were made in accordance with the established procedure.

Current and non-current assets and liabilities

In the balance sheet, financial investments, accounts receivable and accounts payable, including loans and borrowings, and provisions are classified as current if their maturity does not exceed 12 months after the reporting date. All other assets and liabilities are classified as non-current.

Intangible assets

Intangible assets include exclusive rights to computer software, databases, exclusive rights to trademark, other items that meet the criteria for classifying as intangible assets.

Intangible assets are tested annually for the need to adjust their useful lives and depreciation method.

Adjustments resulting from the change in the useful life or the depreciation method are recognized in accounting records and statements as changes in estimated values.

The Company does not revalue intangible assets due to the absence of an active market for these intangible assets, according to which the current market value can be determined.

Intangible assets are reported in the balance sheet at cost less depreciation accumulated over the entire period of use.

Expenses on each R&D operation performed are written off as normal business expenses using the straight-line method based on the expected useful life of such item starting from the actual application of the obtained results. Useful life of R&D item is determined by a commission specially created by order of the CEO or the Branch Manager (within the limits of his/her powers) at the time of recognition of the work result but not exceeding 5 years.

Fixed assets

Fixed assets include production facilities, power lines, equipment, substations and other items with useful lives exceeding 12 months.

Completed construction projects that are accepted into operation and actually used but the title to which has not yet been registered in accordance with the procedure established by law are accounted separately in fixed assets.

Fixed asset items are recognized at initial cost equal to the actual costs for the purchase (construction, production) thereof.

The initial cost of fixed assets purchased under contracts providing for performance of obligations (payment) in kind is the value of assets transferred or to be transferred by the Company. The value of assets transferred or to be transferred to the Company is established based on the price at which the Company determines the value of similar assets in comparable circumstances.

Interest on borrowings received for the purchase, construction, production of fixed assets classified as investment assets, or received for other purposes but actually spent on the purchase, construction, production of such assets, that accrued before the assets were put to use to manufacture products, perform works, or provide services are included in the cost of the assets, and interest accrued after the assets were put to use are included in interest payable in the profit and loss statement. Interest on borrowings received for purposes not related to purchase, construction, production of investment assets but actually spent to purchase investment assets is included in the cost of investment assets in proportion to the share of such funds in the total amount of borrowings received for purposes not related to the purchase, construction, production of investment assets.

Purchased items with initial cost not exceeding RUB 40 thousand per item are recognized in inventories.

Fixed assets (excluding land plots) are shown in the balance sheet at initial cost less depreciation accumulated over the entire period of use. Fixed assets are depreciated using the straight-line method.

Fixed assets purchased prior to 01 January 2002 are depreciated according to the standard rates approved by Resolution of the Council of Ministers of the USSR No. 1072 of 22 October 1990. Fixed assets purchased from 01 January 2002 are depreciated at the rates based on useful lives established by the Company taking into account the expected performance or capacity; expected wear and tear, depending on the operating mode, natural conditions and impact of aggressive environment, the repair system; regulatory and other restrictions imposed on the use of such item. The following assets are not depreciated:

- land plots;
- fully depreciated assets.

Income and expenses (loss) from disposal of fixed assets are reported in the profit and loss statement in other income and expenses.

Leased fixed assets are carried off the balance sheet at the cost specified in lease agreement. Leased fixed assets include mainly land plots where the Company’s fixed assets are located and buildings.

In-progress investments in non-current assets

In-progress investments in non-current assets include construction in progress not put into operation; equipment to be assembled; and other assets to be included in the future in fixed assets and intangible assets including tangible assets intended to be used in the creation non-current assets.

Ready-to-operate equipment at the warehouse intended for assets under construction is reported in capital investments in progress.

In the balance sheet, in-progress investments in non-current assets are reported in lines 1110 “Intangible assets”, 1120 “Research and development results” and 1150 “Fixed assets”, depending on the classification of such assets in accounts upon completion of the respective investments in non-current assets.

Financial investments

Financial investments are recognized in accounting records at the actual costs for acquisition.

Financial investments for which the current market value can be determined in accordance with the established procedure are remeasured on a quarterly basis at their current market value and are carried in accounting records at the remeasured amount. The difference between the current value of such financial investments at the reporting date and their previous evaluation is recognized in other expenses or income.

Financial investments for which the current market value cannot be determined are shown in the balance sheet as of the end of the reporting year at their carrying amount (book value), excluding investments for which conditions for a sustainable decrease in the value exist at that date. The estimated value of such financial investments is determined based on information available to the Company. A provision for impairment of such investments is created in the amount of excess of the carrying amount (book value) of such financial investments over their estimated value, and the total amount of such provision is included in other expenses. The value of such investments is recognized in the balance sheet less the provision for impairment of financial investments.

On disposal of financial investments in securities for which no current market value is determined, their value is determined as the average initial cost of such securities. Contributions to share capitals of limited liability companies and deposits are measured upon disposal at the initial value of each item of such financial investments.

In the event of disposal of financial investments in securities for which the current market value can be determined in accordance with the established procedure, their value is determined based on the most recent evaluation thereof.

For the financial investments in deposit with Bank “Tavrishesky” (OJSC), the Company applies the calculation methodology to determine the value of financial investments by discounting long-term debt at the rate that reflects industry, market, financial and other risks, including the risk of financial investments non-repayment, at the reporting date. In accordance with paragraph 2 of clause 7 of Accounting Regulation PBU 1/2008 *Corporate Accounting Policy*, the Company applied provisions of IFRS 9 *Financial Instruments*.

Income and expenses on financial investments are recognized in other income and expenses.

Inventories

Inventories are measured at the actual cost. If, upon disposal (including partial) of non-current assets or extraction in the process of current maintenance, repair, modernization, reconstruction of non-current assets, tangible assets classified as inventories remain they are valued at the lowest of the cost of similar inventories acquired (created) by an entity in the normal operating cycle and the carrying amount of written off assets and costs incurred in connection with the dismantling and disassembly of assets, extraction of tangible assets and bringing them into a condition necessary for consumption (sale, use) as inventories.

Inventories do not include materials, spare parts, components intended for the creation of non-current assets.

Materials

Materials released for production or otherwise disposed of are valued at the cost of items received first (FIFO method).

Provisions for impairment of inventories

Inventories which lost, either completely or partially, their original quality, or obsolete inventories, or the current market value of which decreased, or which are used to manufacture products the net selling price of which at the reporting date is lower than their actual cost, are reported in the balance sheet at the net selling price as the difference between the actual cost of inventories and their impairment.

A provision is created in the amount of impairment of inventories and recognized as increase in the Company’s expenses.

Prepaid expenses

Expenses incurred by the Company in the reporting year but relating to the subsequent reporting periods are reported as prepaid expenses. Such expenses are charged to expenses in accordance with their intended purposes on a straight-line basis over the periods to which they relate.

Prepaid expenses relating to periods beginning after the end of the year following the reporting year are reported in the balance sheet as non-current assets in line 1190 “Other non-current assets”, and those relating to the year following the reporting year are reported in line 1260 “Other current assets”.

Accounts receivable

Irrecoverable receivables are written off when they are recognized as such. Such receivables are recorded off the balance sheet for five years from the date of write-off in order to monitor the possibility of its recovery if the debtor’s financial position changes.

Accounts receivable that have not been repaid or are unlikely to be repaid within the period established by contract and are not secured by respective guarantees, sureties or other means, are reported in the balance sheet less the provisions for doubtful debts. These provisions represent a conservative estimate by the Company’s Management of the portion of receivables that may be irrecoverable. Provisions for doubtful debts are recognized as increase in other expenses.

Trade receivables are determined based on the prices established by contracts between the Company and buyers, including VAT.

Cash equivalents and presentation of cash flows in the statement of cash flows

Cash equivalents are highly liquid financial investments that can be easily converted into a known amount of cash and are exposed to low risk of value fluctuations.

The Company treats short-term bank deposits with maturities up to three months as cash equivalents.

In the statement of cash flows, the Company’s cash flows that cannot be unambiguously classified as flows from current, investment or financial operations are classified as cash flows from current operations.

In the statement of cash flows, the following are shown on a net basis:

- payments and proceeds from transactions related to the purchase and sale of financial investments (in cases when they are characterized by fast turnover, large amounts and short return periods);
- proceeds from borrowings in the form of bank overdraft and repayment thereof (except for accrued interest);
- amounts of VAT included in proceeds from buyers and customers, payments to suppliers and contractors and payments to the budget system and VAT refunds therefrom.

Proceeds and payments in connection with the accrual of interest on cash equivalents, gains or losses from currency exchange operations and from exchange of some cash equivalents for others are reported in the lines “Other proceeds” and “Other payments”, respectively, as part of cash flows from current operations in the statement of cash flows.

Share capital

The share capital is reported in the amount of the par value of ordinary and preference shares issued by the Company, including the par value of ordinary shares redeemed by the Company from shareholders. The amount of the share capital corresponds to that established in the Articles of Association of the Company.

Loans and borrowings

When the Company raises borrowed funds, including by issuing interest-bearing bonds, the amount of interest due is charged to interest payable on a straight-line basis during the bond maturity period, with the exception of interest capitalized in the cost of fixed assets.

Additional borrowing costs are recognized in other expenses when incurred.

Provisions, contingent liabilities and contingent assets

Provisions

The Company reports a provision if the recognition conditions are met as established in Accounting Regulation PBU 8/2010 *Provisions, Contingent Liabilities And Contingent Assets*.

The Company recognizes provisions if the recognition conditions are met in respect of the following obligations:

- pending court proceedings at the reporting date, in which the Company acts as a plaintiff or defendant and in which decisions may be issued only in subsequent reporting periods, resulting in an outflow of economic benefits from the Company;
- provision for future payment of unused employees’ leave entitlements;
- payment of annual and quarterly performance-based bonuses to employees.

Provisions for court proceedings with an unfavorable outcome include obligations with an indefinite amount and/or term of performance, which may arise from:

- lawsuits accepted for hearing;
- judicial acts subject to appeal following examination of the merits of the dispute, which have not entered into legal force.

A provision for court proceedings with an unfavorable outcome comprises:

- legal expenses (costs), penalties: liquidated damages, interest, state duty refundable to the plaintiff, damages, losses, unreasonable gains, etc.;
- disputed debt or disputed portion thereof;

A provision for court proceedings with an unfavorable outcome, taking into account the probability of an unfavorable outcome in the settlement of disputes through court proceedings, is created at the last day of each quarter. When actual payments are made under recognized provisions, the amount of costs associated with the fulfillment of these obligations is written off against previously created provisions. In the event of insufficiency of the amount of recognized provision, the costs of discharging the obligation are reported in the accounts in accordance with the standard procedure for obligations of this type. In the event of excessive amount of recognized provision, the excess amount of the provision is included in other income.

The amount of the provision for future payment of unused employees’ leave entitlements at the end of the reporting year is determined based on the number of unused leave days for each employee at the reporting date and the average employee salary, including insurance contributions.

The provision for payment of annual (quarterly) performance-based bonuses to employees is created on the basis of the estimate (budget) of future expenses for the payment of annual performance-based bonuses to employees. The amount of the provision is determined including the amount of insurance contributions. The provision for payment of annual performance-based bonuses is created annually (in the amount of annual bonuses). The Company treats the annual performance-based bonuses as a short-term provision.

Contingent liabilities and contingent assets

Contingent liabilities and contingent assets are not reported in the balance sheet but are disclosed in the notes to the balance sheet and profit and loss statement.

A contingent liability (contingent asset) arises as a result of past business events, when the existence of a liability (asset) at the reporting date depends on occurrence (non-occurrence) of one or more future uncertain events not controlled by the Company.

A contingent liability is disclosed in the Notes to the Balance Sheet and Profit and Loss Statement, unless it is unlikely that the associated economic benefits will decrease.

A contingent asset is disclosed in the Notes to the Balance Sheet and Profit and Loss Statement when the related proceeds are probable. In this case, the estimated value or the range of the estimated values are specified if they are capable of being measured.

Income tax payments

Amounts of deferred tax assets and deferred tax liabilities incurred, repaid and written off are included in the profit and loss statement in line 2412 “Deferred income tax” on a net basis in the amount of changes in deferred tax assets and deferred tax liabilities relating to the results of operations included in the accounting profit (loss) of the reporting period.

Income

The following are the proceeds recognized as income from ordinary activities of the Company:

- revenue from power distribution/transmission;
- revenue from grid connection;
- revenue from lease;
- revenue from industrial services.

Revenue is accounted for by activity type.

Revenues are recognized in the amount (expressed in monetary terms) equal to the amount of the received cash and other assets and/or the amount of receivables. The amount of received cash and/or accounts receivable is determined based on contractual prices. If the price is not specified in a contract and cannot be determined based on the contractual terms, then the amount of received cash and/or receivables is determined based on the price at which, in comparable circumstances, the Company usually determines revenue from similar products, goods, works, services or from the provision of similar assets for temporary use.

The amount of received cash and/or accounts receivable under contracts providing for performance of obligations (payment) in kind is recognized based on the value of goods (assets) which were or are to be received by the Company. The value of goods (assets) which were or are to be received by the Company is established based on the price at which the Company usually determines the value of similar goods (assets) in comparable circumstances.

Income from power distribution/transmission services is recognized in the month of service provision based on statements of power distribution/transmission services rendered.

Income from grid connection services are recognized based on statements of grid connection.

Income of the company not related to the sale of products, performance of work, provision of services, sale of goods is not recognized as income from ordinary activities and is to be included in other income.

Expenses

Expenses are recognized in the reporting period in which they were incurred, regardless of the time of actual payment of cash or another form of incurrence.

Information on the cost of goods (work, services) produced and sold in the reporting period broken down by cost elements is presented in *Table 6.3.12 Cost of sold goods, work, services by cost elements* of the Notes to the Balance Sheet and Profit and Loss Statement.

Other expenses include expenses not related to the manufacturing and sale of products, or the provision of services.

Changes in significant accounting policies of the Company

No changes that may significantly affect the figures reported in the accounting statements were made to the Company’s accounting policy for 2021. Starting from 1 January 2022, the Company applies Federal Accounting Standard (FSBU) 5/2019 *Inventories*. This standard did not significantly affect the amounts recognized in the Company’s accounting statements.

Changes were made to the Company’s accounting policy for 2022 as compared with the accounting policy applied in 2021 due to adoption of new accounting standards from 1 January 2022: FSBU 6/2020 *Fixed Assets*, FSBU 26/2020 *Capital Investments*, and FSBU 25/2018 *Lease Accounting*. The application of these standards is expected to have a one-time effect on the Company’s accounting statements.

Data for the previous reporting periods

The following lines of the balance sheet were adjusted to ensure comparability of data at the reporting date: line 1528 “Other creditors” was decreased and line 1526 “Advances received” was increased by RUB 1,143,850 thousand and RUB 755,328 thousand at December 31, 2020 and December 31, 2019, respectively.

6.3 Disclosure of significant indicators

6.3.1 Intangible assets

Depreciation of intangible assets

Intangible assets are depreciated using the straight-line method based on the following useful lives:

Automated workstations (software)	–	5 years
Digital archives	–	5 years
Electronic databases	–	5 years
Trademark	–	10 years
Mathematical model parameters database	–	5 - 15 years
Utility models and appliances patents	–	8 - 10 years

In the reporting year, useful lives and the depreciation method of intangible assets has not changed compared with the previous reporting period.

6.3.2 Fixed assets

Depreciation of fixed assets

Useful lives applied by the Company for groups of fixed assets are as follows.

	Useful life
Production buildings	30-50 years
Structures other than power lines	30-50 years
Power lines	10-30 years
Machinery and equipment	2-30 years
Production and other equipment	2-6 years
Other	2-10 years

6.3.3 Other current and non-current assets

The following assets are reported in line 1190 “Other non-current assets” of the balance sheet:

	December 31, 2021	December 31, 2020	December 31, 2019
VAT on advances received with maturities over 12 months	1,209,779	905,247	934,521
Software licenses and other prepaid expenses	222,501	239,006	226,860
Expenses for property insurance and health insurance policies	11,452	11,279	49,569
Other	275,764	275,764	230,498
Total other non-current assets	1,719,496	1,431,296	1,441,448

The following assets are reported in line 1260 “Other current assets” of the balance sheet:

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	December 31, 2021	December 31, 2020	December 31, 2019
VAT on advances and prepayments received	2,042,114	1,946,202	1,716,691
VAT on advances issued for capital construction	348,204	249,523	423,842
Software licenses (prepaid expenses)	42,315	-	-
Other	35,020	18,004	32,975
Total other current assets	2,467,653	2,213,729	2,173,508

6.3.4 Financial investments

Information on the availability and flow of financial investments in the reporting period is presented in *Tables 5.4.1. Availability and flow of financial investments* and *5.4.2. Financial investments assessment adjustments* of the Notes to the Balance Sheet and Profit and Loss Statement.

The structure of long-term investments including the provision for impairment is as follows:

	Maturity	December 31, 2021	December 31, 2020	December 31, 2019
Deposit with Bank “Tavrishesky” (OJSC)	2035	1,837,760	2,366,000	2,595,723
Deposit with PJSC “Promsvyazbank”	2023	1,420,000	4,990,348	-
Units in Closed-End Unit Investment Combined Fund “Industrial Areas”	-	203,926	221,842	-
Investments in contributions to share (joint-stock) capitals of other companies including:	-	15,247	52,063	16,177,682
JSC “Northwest Energy Management Company”	-	6,355	49,318	49,318
LLC “Energotrans”	-	5,000	-	-
JSC “Federal Test Center”	-	2,832	1,685	389
JSC “Energy Service Company Lenenergo”	-	1,000	1,000	1,000
OJSC “United Energy Company”	-	60	60	-
JSC “Tsarskoye Selo Energy Company”	-	-	-	372,313
JSC “Kurortenergo”	-	-	-	517,140
JSC “Petrodvorets Power Grid”	-	-	-	800,000
JSC “Saint Petersburg Power Grid”	-	-	-	14,437,522
Total long-term financial investments		3,476,933	7,630,253	18,773,405

The structure of short-term financial investments is as follows:

	December 31, 2021	December 31, 2020	December 31, 2019
Deposit with JSC “Gazprombank”	320,415	-	-
Deposit with PJSC “Credit Bank of Moscow”	2,500,000	-	-
Total short-term financial investments	2,820,415	-	-

The Company’s long-term financial investments include long-term investments represented by 181,904 (December 31, 2020: 197,885) units in Closed-End Unit Investment Combined Fund “Industrial Areas”, to the amount of RUB 343,796 thousand (December 31, 2020: RUB 374,000 thousand). The Company assessed the market value of the asset; at December 31, 2021, impairment amounted to RUB 139,870 thousand (at December 31, 2020: RUB 152,158 thousand).

The Company’s long-term financial investments include long-term deposit with Bank “Tavrichesky” (OJSC), the nominal value of which amounted to RUB 10,620,000 thousand and which is carried at fair value. Any changes in the fair value are recognized in other income or expenses in the profit and loss statement of the Company. The fair value of this financial instrument at December 31, 2021 was determined by discounting cash flows at the rate of 11.86% that reflects industry, market, financial and other risks, including the risk of financial investments non-repayment, at the reporting date. At December 31, 2021, fair value revaluation loss amounted to RUB 8,782,240 thousand (at December 31, 2020: RUB 8,254,000 thousand).

In 2020, the Company completed restructuring through a takeover. As a result of this restructuring, financial investments in the absorbed companies JSC “Kurortenergo”, JSC “Tsarskoye Selo Energy Company”, JSC “Saint Petersburg Power Grid”, JSC “Petrodvorets Power Grid” in the amount of RUB 16,126,975 thousand were eliminated against the share capitals of these companies. As a result of restructuring through a takeover, financial investments in OJSC “United Energy Company” (25% of the share capital) in the amount of RUB 60 thousand, LLC “Energotrans” (100% of the share capital) in the amount of RUB 5 thousand, CJSC “ARTS” (10% of the share capital) in the amount of RUB 300 thousand (the company ceased its operation in August 2020) were transferred to the Company.

As a result of the restructuring, the activities of these subsidiaries, as separate corporate entities, were terminated, and all assets and liabilities were transferred to PJSC “Rosseti Lenenergo” by way of universal succession.

Additional capital of the Company was increased by RUB 4,177,998 thousand and retained profit was increased by RUB 8,914,925 thousand due to excess of net assets over the resulting share capital of the successor and the absorbed subsidiaries.

6.3.5 Inventories

Information on the availability and flow of inventories broken down by groups is presented in *Table 5.5.1 Availability and flow of inventories* of the Notes to the Balance Sheet and Profit and Loss Statement.

Unpaid inventories (*Table 5.5.2. Pledged inventories* of the Notes to the Balance Sheet and Profit and Loss Statement) include tangible assets that are pledged to the seller in accordance with the laws.

6.3.6 Accounts receivable

Information on accounts receivable is presented in *Tables 5.6.1. Availability and flow of accounts receivable* and *5.6.2. Overdue accounts receivable* of the Notes to the Balance Sheet and Profit and Loss Statement.

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The most significant debtors disclosed in *Table 5.6.1. Availability and flow of accounts receivable* of the Notes to the Balance Sheet and Profit and Loss Statement:

- LLC “RKS-energo”: at December 31, 2021, receivables amounted to RUB 1,246,155 thousand (December 31, 2020: RUB 1,039,604 thousand), power transmission services;
- JSC “Saint Petersburg Power Supply Company”: at December 31, 2021, receivables amounted to RUB 2,116,418 thousand (December 31, 2020: RUB 2,084,965 thousand), power distribution/transmission services and advances issued for power acquisition to compensate for technological losses.

6.3.7 Cash and cash equivalents

Cash and cash equivalents include:

	December 31, 2021	December 31, 2020	December 31, 2019
Cash on settlement accounts	2,511,431	1,541,411	2,680,649
Cash on special accounts	90,422	90,422	90,422
Short-term bank deposits	2,423,556	137,938	4,500,000
Other cash accounts	-	6,908	18,981
Total cash and cash equivalents	5,025,409	1,776,679	7,290,052

The line “Cash on special accounts” in the table above shows the cash assets that represent the balance of unused budget investments for the implementation of the 2018 FIFA World Cup events. An alternative use of these funds is currently considered.

Other proceeds and other payments in the cash flow statement:

Description	2021	2020
Other operating proceeds (line 4119)	865,730	4,727,142
Fines and penalties recognized or for which court decisions have been obtained	689,828	786,648
Insurance compensations	47,179	32,710
Other	128,723	394,111
Received in the process of restructuring	-	3,513,673
Other operating payments (line 4129)	(4,367,457)	(3,315,796)
Fines and penalties recognized or for which court decisions have been obtained	(1,429,536)	(434,133)
Taxes, state duties	(1,198,945)	(1,310,358)
Refund of previously received payment under contracts	(283,225)	-
Insurance	(195,855)	-
Security for obligations	(186,044)	(479,397)
Agency fees	(176,228)	(241,208)
Social payments	(129,552)	-

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Description	2021	2020
Charity	(79,249)	(86,235)
Other	(688,823)	(764,465)

6.3.8 Capital, reserves and earnings per share

The share capital is reported in the amount of the par value of ordinary and preference shares issued by the Company, as defined in the Articles of Association of the Company. At December 31, 2021, the Company has no shares issued but not paid or paid partially.

	Ordinary shares		Preference shares	
	2021	2020	2021	2020
Par value of one share	RUB 1	RUB 1	RUB 1	RUB 1
Outstanding at 1 January, number of shares	8,465,960,168	8,523,785,320	93,264,101	93,264,311
Outstanding at the end of the period and fully paid, number of shares	8,523,785,320	8,465,960,168	93,264,311	93,264,101

57,825,152 ordinary shares and 210 preference shares in the Company are held by a subsidiary (December 31, 2020: none).

Distribution and other use of annual profit are based on the annual RAS reporting of the Company. The annual general meeting of shareholders held on 18 June 2021 decided to pay dividends from the Company’s net profit based on the annual performance for 2020 in the amount of RUB 3,653,054 thousand (dividends declared in 2020 based on the annual performance for 2019 amounted to RUB 2,072,226 thousand). Dividends returned to the Company in 2021 upon the expiration of the term for claiming thereof and included in retained earnings amounted to RUB 34,809 thousand (in 2020: RUB 20,877 thousand). Returned and accrued dividends were offset and the net amount was reported in the statement of changes in equity

Earnings per share:

	Code	2021	2020
Net profit (uncovered loss) of the reporting period	6610	19,794,204	14,147,013
Dividends on preference shares	6611	-	-
Base profit (loss) of the reporting period	6612	19,794,204	14,147,013
Weighted average number of outstanding ordinary shares during the reporting year (thousand shares)	6613	8,494,873	8,477,953
Basic earnings (loss) per share (RUB)	6620	2.3301	1.6687

Basic earnings per share reflect a portion of profit for the reporting period that could potentially be distributed to shareholders who own ordinary shares. It is calculated as the ratio of base profit for the reporting year to the weighted average number of outstanding ordinary shares during the reporting year. Base profit equals net profit for the reporting year, net of dividends on preference shares accrued during the reporting period. In the calculation of the weighted average number of

outstanding ordinary shares during the reporting year, the Company’s shares redeemed (acquired) by it were deducted.

Diluted earnings (loss) per share was not calculated due to the absence of factors that have a dilutive effect on the basic earnings (loss) per share.

Additional capital is formed by share premium, and also includes the effects of the restructuring in 2020.

Revaluation reserve contains results of fixed assets revaluations reported in the Company’s balance sheet at the reporting date, which were carried out before 1 January 2002 and in subsequent years up to and including 31 December 2016. In subsequent periods, the Company did not revalue fixed assets to determine the current (replacement) value in accordance with the applicable accounting policy.

6.3.9 Loans and borrowings

Information on the availability and flow of loans and borrowings in the reporting period is presented in Table 5.7.1. *Availability and flow of loans and borrowings* of the Notes to the Balance Sheet and Profit and Loss Statement.

The number of bonds issued for BO-05 bond loan was 2,400,000, with a par value RUB 1 thousand. Listed bonds Series BO-05 were placed on 22 July 2015, the number of placed bonds was 2,400,000 to the amount of RUB 2,400,000 thousand, the scheduled redemption date is 09 July 2025. Bonds Series BO-05 were redeemed by the Company in full under the offer at the request of their holders on 17 January 2022.

The number of bonds issued for BO-04 bond loan was 5,000,000, with a par value RUB 1 thousand. Listed bonds Series BO-04 were placed on 5 February 2020, the number of placed bonds was 5,000,000 to the amount of RUB 5,000,000 thousand. Listed bonds Series BO-04 redemption date is 29 January 2025. Anticipated redemption of listed bonds is possible at the request of holders. The nearest put date: 06 February 2023. The coupon rate for bonds Series BO-04 is 6.2% per annum, payable twice a year.

The number of bonds issued for BO-03 bond loan was 5,000,000, with a par value RUB 1 thousand. Listed bonds Series BO-03 were placed on 5 February 2020, the number of placed bonds was 5,000,000 to the amount of RUB 5,000,000 thousand. Listed bonds Series BO-03 redemption date is 29 January 2025. Anticipated redemption of listed bonds is possible at the request of holders. The nearest put date: 6 February 2023. The coupon rate for bonds Series BO-03 is 6.2% per annum, payable twice a year.

The weighted average rate under the Company’s debt portfolio at the end of the reporting period was 7.43% per annum (at the end of 2020: 5.78%).

The repayment schedule for non-current borrowings (principal debt) at December 31, 2021 is presented below:

Repayment year	Amount, RUB thousand
2023	14,492,220
2024	9,143,600

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Repayment year	Amount, RUB thousand
Total long-term loans	23,635,820

All loans and borrowings were raised in Russian rubles and were unsecured.

Other information on borrowings is presented in *Table 5.7.2 Loan and borrowing expenses* of the Notes to the Balance Sheet and Profit and Loss Statement.

6.3.10 Accounts payable

Information on accounts payable is presented in *Tables 5.6.3. Availability and flow of accounts payable* and *5.6.4. Overdue accounts payable* of the Notes to the Balance Sheet and Profit and Loss Statement.

Long-term accounts payable reported in the line “Advances received” of *Table 5.6.3 Availability and flow of accounts payable* of the Notes to the Balance Sheet and Profit and Loss Statement are represented by long-term advances received under grid connection contracts at December 31, 2021 to the amount of RUB 7,395,033 thousand (December 31, 2020: RUB 5,505,915 thousand). Contract terms provide for advancing of money on a staged basis, with a portion thereof under contracts with the term of performance exceeding one year.

Taxes payable are analyzed as follows:

Description	December 31, 2021	December 31, 2020	December 31, 2019
Property tax	1,433,558	106,179	695,003
Value added tax	184,954	382,838	482,559
Personal income tax	85,436	60,990	66,298
Corporate income tax	-	-	149,380
Other	3,402	3,361	2,320
Total taxes payable	1,707,350	553 368	1,395,560

6.3.11 Corporate income tax

Deferred income tax due to the occurrence and reversal of temporary differences is presented as follows:

Increase / (decrease) of deferred tax assets:

	2021	2020
Fixed assets, including differences between the fixed assets depreciation amounts in business and tax accounting	155,056	(707,094)
Provisions	223,529	1,224,896
Provisions for doubtful debts	(102,350)	544,799
Provisions for financial investments	110,554	77,110
Other	45,414	37,873
Total changes in deferred tax assets	432,203	1,177,584

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Increase / (decrease) in deferred tax liabilities:

	2021	2020
Fixed assets, including differences between the fixed assets depreciation amounts in business and tax accounting	(1,145,228)	(1,712,175)
Other	(24,728)	(10,114)
Total changes in deferred tax liabilities	(1,169,956)	(1,722,289)
Received in the process of restructuring	-	987,045
Deferred income tax (gain)/expenses	(737,753)	442,340

Income tax rate used to calculate deferred tax assets and liabilities and permanent tax income and expenses is 20%.

Profit taxation

	Code	2021	2020
Profit before tax	6710	24,616,428	17,115,820
Permanent differences	6711	3,348,825	3,019,690
Change in deductible temporary differences	6712	2,161,015	4,843,543
Change in taxable temporary differences	6713	(5,849,780)	(2,631,843)
Provisional income tax expenses	6721	(4,152,459)	(2,771,352)
Permanent tax expenses	6722	(669,765)	(603,938)
Deferred income tax, including:	6723	(737,753)	442,340
change in deferred tax assets	67231	432,203	968,709
change in deferred tax liabilities	67232	(1,169,956)	(526,369)
Change in the classification of temporary differences	6728	-	349,197
Current income tax	6725	(4,084,471)	(3,468,432)
Income tax expenses	67251	(4,822,224)	(3,026,092)
Other	6726	-	57,285
Net profit	6729	19,794,204	14,147,013

6.3.12 Cost of sold goods, work, services by cost elements

	Code	2021	2020
Production costs	6510	66,944,700	60,379,458
material costs	6511	1,500,936	1,356,382
labor costs	6512	7,660,205	6,946,011
mandatory insurance contributions, accident and occupational diseases insurance	6513	2,213,009	2,022,572
depreciation	6514	17,203,338	15,162,232
other expenses	6515	38,367,212	34,892,261
Total cost of sales	6500	66,944,700	60,379,458
Administrative expenses	6560	231,583	209,447

6.3.13 Other income and expenses

Information on the other income and expenses received or incurred in the reporting period broken down by cost elements is presented in Table 5.11 *Other income and expenses* of the Notes to the Balance Sheet and Profit and Loss Statement.

Other income includes non-contractual power consumption without a power supply contract concluded in accordance with the established procedure in the event of unauthorized grid connection of consumers.

When non-contractual consumption is identified, the Company takes into account the estimated volume of non-contractual consumption when calculating the cost of non-contractual consumption to be collected from the person who consumed power without a contract and draws up a statement of non-contractual power consumption. Income is recognized:

- at the date of the statement of non-contractual power consumption;
- at the date of the final court judgment on the recovery thereof (if the signed statement of non-contractual power consumption is accompanied by a memorandum of disagreement or in the event of refusal to sign the statement).

6.3.14 Related parties

In the course of its financial and economic activities, the Company carries out transactions with related parties. The Company provided services to related parties at market prices in 2021 and 2020.

As required by the laws of the Russian Federation, information about affiliates of PJSC “Rosseti Lenenergo” is disclosed and published on the following websites: <https://www.e-disclosure.ru/portal/company.aspx?id=65>, <https://rosseti-lenenergo.ru/>.

The principal related parties of the Company were the parent company (PJSC “Rosseti”), its subsidiaries, and key management personnel of the Company.

The Company’s ultimate controlling party is the State represented by the Federal Agency for State Property Management, which holds a controlling stake in PJSC “Rosseti”.

Balances of payments between the Company and its related parties at 31 December are presented below (RUB thousand):

Description	December 31, 2021	December 31, 2020	December 31, 2019
Accounts receivable and advances issued	1,399,718	796,487	902,745
subsidiaries	1,212,681	551,718	597,481
other related parties	187,037	244,769	305,264
Accounts payables and provisions	(2,932,787)	(5,662,361)	(4,962,076)
parent company	(34,324)	(33,786)	(33,838)
subsidiaries	(497,787)	(1,036,291)	(3,737,533)
other related parties	(2,400,676)	(4,592,284)	(1,190,705)

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Description	December 31, 2021	December 31, 2020	December 31, 2019
Advances received	(4,906)	(4,678)	(50,400)
subsidiaries	(21)	(61)	(48,761)
other related parties	(4,885)	(4,617)	(1,639)
Borrowings	(2,472,648)	(2,460,000)	(2,485,656)
parent company	(2,472,648)	(2,460,000)	(2,485,656)

Types and scope of transactions between the Company and its related parties (RUB thousand):

Description	2021	2020
Sale of goods, work, services	44,284	26,855
parent company	1,821	1,821
subsidiaries	1,153	23,115
other related parties	41,310	1,919
Purchase of goods, work, services	(14,068,568)	(12,318,865)
parent company	(224,060)	(204,301)
subsidiaries	(1,603,359)	(2,053,163)
other related parties	(12,241,149)	(10,061,401)
Lease of property from related parties	(1,270)	(763,218)
subsidiaries	-	(761,899)
other related parties	(1,270)	(1,319)
Lease of property to related parties	30,079	71,677
subsidiaries	30,079	71,677
Provisions for doubtful debts	566,402	(82,825)
subsidiaries	613,600	(613,600)
other related parties	(47,198)	530,775
Change in provisions	443,141	554,728
other related parties	443,141	554,728
Interest expenses	(141,912)	(145,464)
parent company	(141,912)	(145,464)

Payments under related party transactions are made in cash.

Starting from 2021, the key management personnel of the Company includes the members of the Board of Directors, the members of the Management Board, the CEO, his/her deputies, and the Chief Accountant. The members of the Board of Directors and the Management Board are listed in section 6.1. *General information* of the Notes to the Balance Sheet and Profit and Loss Statement. In 2020, the key management personnel of the Company only included the members of the Board of Directors and the Management Board.

In 2021, the Company paid short-term benefits (salary, bonuses, compensations) to the key management personnel to the total amount of RUB 660,771 thousand (2020: RUB 606,060 thousand), including personal income tax and insurance contributions. The amount of remuneration to the key management personnel for 2020 includes remuneration of the members

of the Board of Directors, the members of the Management Board, the CEO, his/her deputies, and the Chief Accountant.

6.3.15 Provisions

Information on provisions is presented in *Table 5.8 Provisions* of the Notes to the Balance Sheet and Profit and Loss Statement.

The Company is involved in a number of legal proceedings (both as plaintiff and defendant) arising in the normal course of business. In the Management’s opinion, at present there are no unsettled claims or other actions that could have a significant impact on the Company’s operating results or financial position and have not been recognized in the accounting statements.

A provision for disputed claims of tax authorities includes a provision for property tax. With further development of practices regarding the application of property taxation rule, the criteria for classifying property as immovable property items may be challenged.

Certain specific features of electricity market operation cause controversies between power grid companies, power sales companies and other companies regarding the volume and cost of electric power transmitted. Taking into account all the circumstances and the existing dispute settlement conditions, the Company recognized a provision to cover a possible outflow of economic resources due to resolution of disputes not in favor of the Company, which is reported in the line “Other estimated liabilities” in *Table 5.8 Provisions* of the Notes to the Balance Sheet and Profit and Loss Statement

Provisions are reported in the account of provisions for future expenses. When a provision is recognized, depending on its nature, the amount of the provision is charged to expenses for ordinary activities or other expenses.

6.3.16 Contingent liabilities

Legal proceedings

The Company is involved in a number of legal proceedings (both as plaintiff and defendant) arising in the normal course of business. In the Management’s opinion, at present there are no unsettled claims or other actions that could have a significant impact on the Company’s operating results or financial position and have not been recognized in the accounting statements.

Contingent tax liabilities

Russian tax legislation which was enacted or substantively enacted at the end of the reporting period, is subject to varying interpretations when applied to the Company’s business operations. Therefore, the Management’s position with respect to taxes and the documents supporting such position may be challenged by the tax authorities. Tax control is tightening in the Russian Federation, which increases the risk that tax authorities will conduct audits to verify the impact on the taxable base of transactions without a clear financial and economic justification or transactions with counterparties that do not comply with the requirements of tax legislation. Tax audits may cover three calendar years preceding the year when the tax audit decision is made. Under certain circumstances, audits may cover earlier periods as well.

Russian transfer pricing legislation is generally aligned with the international transfer pricing principles developed by the Organization for Economic Cooperation and Development (OECD) but characterized by certain specifics. Transfer pricing legislation provides the possibility for imposing additional tax liabilities in respect of controlled transactions (transactions with related parties and some types of transactions with unrelated parties), provided that the transaction price is not on an arm's length basis. The Management has implemented an internal control system in order to comply with the requirements of the transfer pricing legislation.

Tax liabilities arising as a result of controlled transactions are determined based on the actual prices of such transactions. With further development of practices regarding the application of transfer pricing rules, these prices may be challenged. The effect of such development cannot be measured reliably, however it may be significant in terms of the Company's financial position and/or results of business operations in general.

The Management currently believes that its position with respect to taxes and the interpretations of legislation applied by the Company can be supported, however, there is a risk that the Company will incur additional costs if the Management's position with respect to taxes and the interpretations of legislation applied by the Company are challenged by the tax authorities. The effect of such development cannot be measured reliably, however it may be significant in terms of the Company's financial position and/or results of operations in general.

6.3.17 Security and collaterals

Security and collaterals for obligations (whether received or issued) is accounted for off the balance sheet.

At December 31, 2021, security issued by the Company to third parties for its own liabilities and security received by the Company are presented in *Table 5.9 Security* of the Notes to the Balance Sheet and Profit and Loss Statement. Security received mainly consists of bank guarantees received by the Company from construction and assembly suppliers and contractors.

6.3.18 Company business segments

The Company carries out its core regulated operations in two regions in Russia (Saint Petersburg and the Leningrad region). The regional regulatory authorities set tariffs for the Company's core activities (power distribution/transmission and grid connection services).

Segment A: Company's operations in Saint Petersburg;

Segment B: Company's operations in the Leningrad region.

The Company gains revenue from sale of the following types (groups) of products, goods, works, and services:

Segment A:

- power distribution/transmission services in Saint Petersburg;
- grid connection services in Saint Petersburg;
- lease income in Saint Petersburg;
- other industrial services in Saint Petersburg.

Segment B:

- power distribution/transmission services in the Leningrad region;
- grid connection services in the Leningrad region;
- lease income in the Leningrad region;
- other industrial services in the Leningrad region.

Table 5.12. Information on reporting segments of the Notes to the Balance Sheet and Profit and Loss Statement provides breakdown of the Company’s performance for 2021 and 2020 by Saint Petersburg and the Leningrad Region.

Revenue from sales to customers accounting for at least 10 percent of total Revenue from sales for 2021: JSC “Saint Petersburg Power Supply Company”: RUB 46,491,551 thousand (Saint Petersburg Segment) and RUB 18,098,598 thousand (Leningrad Region Segment); LLC “RKS-energo”: RUB 8,130,929 thousand (Leningrad Region Segment); for 2020: JSC “Saint Petersburg Power Supply Company”: RUB 41,389,880 thousand (Saint Petersburg Segment) and RUB 15,701,487 thousand (Leningrad Region Segment); LLC “RKS-energo”: RUB 6,934,147 thousand (Leningrad Region Segment).

In accordance to the Company’s Accounting Policy the performances are reported across Russian constituent entities based on:

- where the facility in question is located;
- where the branch in question is located;
- the amount/extent of services provided within a given constituent entity and by tariffs for the services applicable in the relevant constituent entity;
- which municipality the land plot belongs to;
- the place of registration of a transportation vehicle;
- where (within which entity) the services are provided;
- where off-the-meter consumption with no contract signed was detected.

If a figure cannot be directly reported within a given constituent entity upon initial recognition, the performances are distributed across the Russian constituent entities in proportion to the physical indicators titled *Volume of maintenance of equipment on the balance sheet of the branch (conventional units)* that is calculated separately for each constituent entity of the Russian Federation for the reporting period.

Operating, investment, and financial cash flows for each reporting segments are presented in the table below:

		Saint Petersburg	Leningrad Region	Total for the Company
Result of operating cash flow	2021	29,581,825	9,695,032	39,276,857
	2020	20,086,972	6,478,587	26,565,559
Result of investment cash flow	2021	(25,543,880)	(8,142,592)	(33,686,472)
	2020	(22,885,927)	(10,635,745)	(33,521,672)

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		Saint Petersburg	Leningrad Region	Total for the Company
Result of financial cash flow	2021	(738,039)	(1,603,616)	(2,341,655)
	2020	(783,720)	(1,287,213)	(2,070,933)
Total	2021	3,299,906	(51,176)	3,248,730
	2020	(3,582,675)	(5,444,371)	(9,027,046)

Operating cash flow for 2020 is shown exclusive of the flow of funds received in connection with restructuring.

There were no changes in the reporting segments structure year-over-year in the reporting period.

6.3.19 Events after the reporting date

In the Management’s opinion, there are no business facts in the Company, other than those disclosed in section *6.1.2 Operating environment of the Company* of the Notes, which have had or may have an impact on the financial position, cash flows or performance of the Company and which occurred between the reporting date and the date of signing the accounting statements for 2021 and at that date.

I. A. Kuzmin
CEO

M. V. Kuleshova
Chief Accountant

Date: February 28, 2022